

Analysis of skill gap for business graduates: managerial perspective from banking industry

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Abstract

Purpose – The purpose of this paper is to identify the gap between skills expected by managers and skills possessed by business graduates employed by banking industry.

Design/methodology/approach – A questionnaire-based survey was conducted with bank officers under whom fresh business graduates were working. They were asked to indicate the importance of 12 employability skills in the industry and to rate business graduates working under them against these skills. Results are achieved by applying paired samples and independent samples *t*-tests on data collected from 121 bank officers.

Findings – Results prove that overall employability skills of the graduates are lesser than expected by the managers. Significant skill gaps were found for listening, problem solving, communication, leadership, interpersonal, analytical, self-management, numeracy and critical thinking. Results also reveal that problem-solving skill of male graduates is superior that that of females.

Practical implications – The study makes business graduates clear in what skills they are to learn and how it relates to the expectations of managers in banking industry. It helps business schools to revise and improve curriculum of some specialized banking programs according to the needs of the industry.

Originality/value – This is the first study that investigates the skills required by the banking industry out of business graduates. It also identifies the skill gaps for fresh business graduates from managerial perspective in banking industry of Pakistan.

Keywords Pakistan, Banking, Gap analysis, Employability skills, Business graduates

Paper type Research paper

1. Introduction

Employability assumes specific types of demands that may vary across space, time and employers (McQuaid and Lindsay, 2005). It is a lifelong issue and nobody is ever perfectly employable. There will always be aspects of an individual's employability that would certainly benefit from improvement (Pool and Sewell, 2007). It has become a major concern for government, universities and graduates (Poon, 2014) because, employers expect that, upon commencing employment graduates will be equipped with necessary skills and be able to work with minimum supervision (Andrews and Higson, 2008). This is not only a problem of employer satisfaction but also a description of potential weakness of graduating students to play a significant role in economic development of the country (Raza and Naqvi, 2011).

Graduates are not ready for work environment as they do not possess sufficient level of skills (Abas-Mastura *et al.*, 2013). Human resource managers are impressed with the technical knowledge but show concern about the level of soft/general business skills of graduates (Poon, 2014; Bhanugopan and Fish, 2009). Employers place higher importance on soft skills and personal attributes while lesser on degree subject, degree result (McMurray *et al.*, 2016) and technical/subject-specific skills (Saeed, 2015; Finch *et al.*, 2013) because they are more particular in what the graduates can do than what they know (Jackson, 2010).

There could be multiple reasons for the poor performance of graduates, and one of those could be unsatisfactory performance of teachers (Raza and Naqvi, 2011). Ultimately, it is the responsibility of higher educational institutes (HEIs) to instill desired employability skills in graduates (Ayoubi *et al.*, 2017). But, HEIs are imparting education without considering the



needs of the market (Boden and Nedeva, 2010). Consequently, graduates are inflicted to accept much inferior jobs or any job just to enter in the market (McKeown and Lindorff, 2011). Education and industry are inter-related as output of the education system is input of the industry. Viewing this, business schools need to understand what skills the customers need (Rosenberg *et al.*, 2012; McQuade and Maguire, 2005) and to transfer those skills to students during a particular program of study (Holmes, 2013). Identification of employability skills can also be used as a developmental tool to make students think about employability in terms of their strengths and possible areas for improvement (Pool *et al.*, 2014).

Majority of earlier studies on employability, investigated the skills of accounting (Jackling and Natoli, 2015), business (McMurray *et al.*, 2016; Jackson and Chapman, 2012) engineering (Ramadi *et al.*, 2016) and nursing graduates in a variety of industries. Some studies measured employability skills of graduates from a variety of disciplines (Boahin and Hofman, 2013) for a variety of industries (Collet *et al.*, 2015). Somehow, few studies attempted to identify the employability skills of real estate (Poon, 2012), library and information management (Warraich and Ameen, 2011), tourism (Dhiman, 2012) and hospitality (Yang *et al.*, 2015; Wang and Tsai, 2014) graduates in a single industry like surveying firms, hotels and restaurants and health care.

Pakistan is the sixth most populated country in the world having an estimated population of 207.7 million (Provisional Summary Results of 6th Population and Housing Census, 2017). At present, out of 183 universities in Pakistan, 131 are offering business education through their 207 campuses (NBEAC in Numbers, 2017). But these business schools are not imparting quality education (Kolachi and Wajidi, 2008). Pakistan is an important player in global talent hunt because of large supply of people. How talent is developed here is important globally for policy makers, practitioners and researchers (Khilji and Keilson, 2014). Literature reveals that a gap exists between expectations of employers and performance of fresh library science (Warraich and Ameen, 2011), marketing (Saeed, 2015) and business graduates (Amen, 2014) in Pakistan. Employers report that fresh graduates typically lack communication, practical (Warraich and Ameen, 2011), presentation, negotiation, building relationships (Saeed, 2015), personal development and professional development skills (Raza and Naqvi, 2011).

Few studies have been conducted to examine the gap between skills possessed by fresh business graduates and needed by managers working in a particular industry. For example, individual considered employable for one job might not be considered so for a different job (McQuaid and Lindsay, 2005). Motivation of this study, on the one hand, is to identify the extent of non-technical employability skills required by banking industry and, on the other hand, to measure the skills inculcated among business graduates by the universities. Finally, this research aims to identify the gaps between skills expected by bank managers and possessed by business graduates.

2. Literature review

Students need to realize that education is not all about to attain good marks but to explore and develop personal capabilities for achieving success in career and life as well (Tran, 2013). Professional skills and competencies that were seen as a by-product of educational process in past, are now considered as a core part of a professional degree (Coll *et al.*, 2002). Therefore, employability support in HEIs should be more holistic and go beyond the set of skills that one can acquire or be taught (Markes, 2006). Responsibility to enhance employability of graduates does not lie in the hands of a single party (Lim *et al.*, 2016) instead, an effective coordination among students, industry, professional bodies, faculty, placement officers and directors of HEIs is needed (Ayoubi *et al.*, 2017; Rao, 2014; Tran, 2013).

Extant literature established a gap between the skills expected by managers and possessed by nursing (Reem *et al.*, 2014), tourism (Dhiman, 2012), pharmaceutical

(Nayak and Yadav, 2015), real estate (Poon, 2014), engineering (Ramadi *et al.*, 2016; Markes, 2006) and computer science graduates (Wickramasinghe and Perera, 2010). Graduates themselves perceive that their soft skills are weak and far from expectations (Tran, 2013). Studies also reveal a shortage of employability skills for accounting (Lim *et al.*, 2016), management (Wilton, 2008) and marketing (Dacko, 2006) graduates. Awareness and development of desired skills is increasingly viewed as a way to improve one's career prospects after graduation (Baker and Henson, 2010). To promote the employability of graduates, business schools need to make sure that graduates are able to utilize softer business-related skills and abilities as well (Andrews and Higson, 2008).

2.1 Employability skills

Employability skills are defined as attributes, competencies and technical skills used to make practical decisions in the workplace (Gibbs, 2000). They are conceptualized as being located at different points along a continuum that move from personal characteristics to skills (Smith and Comyn, 2004). And there is no universal agreement on the content of employability frameworks (Tyman, 2013). Through a meta-analysis, Osmani *et al.* (2015) identified communication, teamwork, problem solving, information technology (IT), creativity, interpersonal, leadership, self-management, adaptability and critical thinking as the most commonly used skills and attributes in employability studies. Employability skills identified by Osmani *et al.*'s study along with some other skills required to work in banking industry – listening, numeracy and analytical – are investigated in this study.

Adaptability skill. This is the skill of being flexible and responding positively to new situations, demands and conditions to ensure survival. Students agree that adaptability is an inherent part of employability (Tyman, 2013). Employers consider adaptability as an important employability skill for new graduates (Finch *et al.*, 2013) and to work effectively within groups (Al-Mutairi *et al.*, 2014). Auditors consider difficulty in adaptation to workplace as an early employment problem for accountants (Lim *et al.*, 2016). Nayak and Yadav's (2015) study reveals a gap for adaptability skill possessed by pharmaceutical graduates and expected by employers.

Analytical skill. Analytical skill has been recognized as one of the most desirable skills for accounting (Lim *et al.*, 2016), marketing (Dacko, 2006) and business (Al-Mutairi *et al.*, 2014) graduates. Analytical skills of pharmaceutical graduates were found deficient than the expectations of employers (Nayak and Yadav, 2015). In Pakistan, employers greatly require analytical skill to meet challenges of the business (Warraich and Ameen, 2011).

Communication skill. It constitutes all types of written, verbal and technical communication (Hanna *et al.*, 2015). These aspects of communication help employees to work effectively with others (Jackson *et al.*, 2014). Communication is one of the most important skills to achieve higher profitability (Ramadi *et al.*, 2016) for that reason, it is the most frequently used skill to investigate employability (Osmani *et al.*, 2015). Content analysis of recruitment advertisements finds communication as the top most skill requirement for management jobs (Bennett, 2002). To secure employment, it has been distinguished as an important skill for engineering (Ramadi *et al.*, 2016), real estate (Poon, 2012), law (Rigg, 2013), hospitality (Yang *et al.*, 2014), accounting (Lim *et al.*, 2016; Smith *et al.*, 2016) and business graduates (McMurray *et al.*, 2016; Jackson, 2013). But, proficiency of written and oral communication is the most common employability problem faced by accounting graduates (Jackling and Natoli, 2015) and library science professionals (Warraich and Ameen, 2011).

Creative thinking skill. Educational institutes provide large amounts of domain-specific knowledge that support new idea combination process. Employers consider creative thinking as a key employability skill in the selection of new graduates (Osmani *et al.*, 2015;

Finch *et al.*, 2013). Employers perceive business graduates to be poor on creativity or lateral thinking (Jackson and Chapman, 2012). Marketing practitioners also report a gap for creativity of business graduates (Dacko, 2006).

Critical thinking skill. This skill is about growing and maturing in thinking with a transformational potential on quality of life and skill set for employability (Critchley, 2011). Critical thinking has been recognized as one of the most desired employability skills (Finch *et al.*, 2013). Business graduates perceive that critical thinking is a relatively important skill to secure employment (Harris and King, 2015; Jackson, 2013), therefore, business schools should focus on the development of critical thinking methods (Amen, 2014).

IT skill. For efficient presentation of work, more importance is being given to IT skill – word processing, searching, gathering and sharing information (Rosenberg *et al.*, 2012). Information and communication skills were recognized as essential qualities for employment of library science students (Buarki *et al.*, 2011). Little knowledge of IT and advance library softwares has been reported as an employability problem faced by library science professionals in Pakistan (Warrach and Ameen, 2011). However, employers and academicians perceive business graduates to be strong in information management (Jackson and Chapman, 2012).

Interpersonal skills. Ability of a person to practice interpersonal skills to construct relationships and communicate with others can be a solid forecast of forthcoming success (Lievens and Sackett, 2012). Students perceive interpersonal skill as one of the most important employability skills (Harris and King, 2015) because upon entering into work life, interpersonal skills help them to adjust in a support job role (Saeed, 2015). This skill has been labeled as one of the highly desired skills to assess employability of marketing focused business graduates (Finch *et al.*, 2013; Dacko, 2006). But, feedback indicates that generally, industry is very dissatisfied with interpersonal skills of graduates (McQuade and Maguire, 2005).

Leadership skills. Employers and managers consider leadership as an important skill for graduates to gain employment and to deliver performance (Yang *et al.*, 2014; Rosenberg *et al.*, 2012; Bhanugopan and Fish, 2009). Leadership is important for recruiters while searching and assessing fresh graduates (Finch *et al.*, 2013; Conrad and Newberry, 2012). In clinical industry, leadership skills are more desired for nursing graduates (Reem *et al.*, 2014). Leadership skills of marketing graduates are reported as lesser than desired by the employers (Jackson and Chapman, 2012; Rosenberg *et al.*, 2012; Dacko, 2006).

Listening skills. Exceptional listening skills is an indication of highly productive individuals that ultimately leads to better employability (Goby and Lewis, 2000). Listening has been identified as the most desirable skill to assess employability of new graduates by employers (Finch *et al.*, 2013; Bhanugopan and Fish, 2009; Goby and Lewis, 2000).

Numeracy skills. Numeracy skills – manipulation of numbers, general mathematical awareness and its application in practical contexts – are of crucial importance because employers predominantly use numeracy tests as a part of their graduate recruitment processes irrespective of the academic discipline (Durrani and Tariq, 2012). Human resource managers consider numeracy as a highly needed skill to assess employability (Al-Mutairi *et al.*, 2014; Poon, 2014) and job performance of graduates (Rosenberg *et al.*, 2012). Although, Smith *et al.* (2016) could not find a significant gap and employers rate business graduates strong on numeracy skills (Jackson and Chapman, 2012) but the skill was included because this study was being conducted in banking industry.

Problem-solving skill. “Good problem solving requires a constellation of skills, attitudes and mental approaches that, once developed, transforms the way people look at the world around them” (Wismath *et al.*, 2015). It has been recognized that problem-solving skill is a critical factor for employability and performance of new graduates across disciplines

(Harris and King, 2015; Yang *et al.*, 2014; Finch *et al.*, 2013; Jackson, 2013; Wickramasinghe and Perera, 2010). Employers and academics found business graduates proficient in terms of problem-solving skills (Jackson and Chapman, 2012). However, various researchers report that a gap exists for problem-solving skill for pharmaceutical (Nayak and Yadav, 2015), computer science (Wickramasinghe and Perera, 2010) and marketing graduates (Dacko, 2006).

Self-management skill. This skill is considered as the most important dimension of employability (Yang *et al.*, 2015) and performance in hospitality industry (Yang *et al.*, 2014). Business graduates perceive self-management as one of the most desired employability skills (Roepen, 2017; Jackson, 2013). Self-management skill possessed by pharmaceutical graduates was found lesser than needed by the employers (Nayak and Yadav, 2015):

- H1. There is a difference of overall employability, adaptability (a), analytical (b), communication (c), critical thinking (d), creative thinking (e), IT (f), interpersonal (g), leadership (h), listening (i), numeracy (j), problem solving (k) and self-management (l) skill possessed by business graduates and expected by bank managers.

2.2 Employability skills and gender

Gender may influence the development of employability skills, but little is known about the issues of gender and its effect on employability skills (Gracia, 2009). Women have reduced expectations of success because of difficulty in adaptation. They experience an erosion of self-confidence in relation to employability (Gracia, 2009). Still women are more proactive to develop employability skills (Jackson, 2013) as they face greater difficulties to secure employment (Sin *et al.*, 2016). Female business graduates consider employability skills more important (Wickramasinghe and Perera, 2010) and believe that they are more competent than males (Jackson, 2014). However, Boahin and Hofman (2013) could not find a significant relationship between gender and acquisition of employability skills.

Female graduates of computer science comparatively possess a high level of self-confidence and learning skills (Wickramasinghe and Perera, 2010). Work done on newly inducted hotel employees reveals that males scored significantly higher on self-management skills (Yang *et al.*, 2015). Numeracy skills of female students are low because they are provided with lesser opportunities to practice and develop the skill (Durrani and Tariq, 2012; Goldfinch and Hughes, 2007). Somehow, Goldfinch and Hughes (2007) could not find a difference of time management, IT and communication skills across gender:

- H2. There is a difference of adaptability (a), analytical (b), communication (c), critical thinking (d), creative thinking (e), IT (f), interpersonal (g), leadership (h), listening (i), numeracy (j), problem solving (k) and self-management (l) skill across male and female business graduates.

3. Research methodology

Population of the study comprises managers and officers in banks under whom fresh business graduates were working. This study considers a graduate “fresh” provided that he has less than two years of work experience. The criterion facilitates managers for assessing initial level of employability skills of graduates. The study adopts survey method because it is reported as the most widely used design to investigate similar problems (Osmani *et al.*, 2015). Through a meta-analysis of 39 relevant studies, Osmani *et al.*'s study identified communication, teamwork, problem solving, IT, creativity, interpersonal, leadership, self-management, adaptability and critical thinking as the most commonly used skills. Besides these, some other skills required to work in banking industry like listening,

numeracy and analytical were also included. Therefore, a total of 12 skills were listed on a self-administrated questionnaire to collect the data. Definitions of these skills were also provided on next page to make respondents think consistently (see Table I). Managers were requested to indicate the level of importance of these skills for business graduates in banking industry on a five-point Likert-type scale ranging from Very Low to Very High. They were also asked to rate the usual level of possession of each skill by the graduates against a five-point Likert-type scale ranging from Very Dissatisfied to Very Satisfied. Similar questionnaire design was employed by Ramadi *et al.* (2016) for the simultaneous collection of importance and possession of skills.

A total of 300 questionnaires were distributed conveniently among managers of different banks in two northern cities of Pakistan. Out of which, 147 questionnaires were returned. Due to incomplete data, 22 questionnaires were discarded. Final sample size was 125 with a response rate of 41.6 percent. Some respondents rated more than one graduates. Hence, 121 managers provided data for 125 graduates. Age of the respondents ranges from 27 to 58 years with a mean age of 39 years. Majority of the managers were male (93 percent), married (79 percent) and having 16 years of education (70 percent). Descriptive statistics, paired samples *t*-test and independent samples *t*-test were performed to draw the results.

4. Results

4.1 Ranking of expected and possessed skills

To identify the most and the least important skills for managers, expected skills were ranked on the basis of mean scores (Table II). Managers attribute highest importance to listening ($M=4.74$), interpersonal ($M=4.70$) and communication (4.66) skills for business graduates to display effective performance in banking industry. They attach least importance to critical thinking ($M=3.83$), creative thinking ($M=3.97$) and analytical ($M=4.01$) skills. Ranking on the basis of mean scores on skills possessed is also shown in Table II. According to the managers, the highest level of skills possessed by graduates are IT ($M=4.35$), self-management ($M=4.20$) and interpersonal ($M=4.13$) skills while the lowest level of skills are problem solving ($M=3.14$), listening ($M=3.24$) and leadership ($M=3.31$) skills.

Skill	Definition
Adaptability	Being flexible and to respond positively to new situations, demands and conditions
Analytical	Ability to gather and analyze information, designing and testing solution to problems and formulating plans
Communication	Verbal and written communication
Creative thinking	A way of looking at problem or situation from a fresh perspective that suggests unorthodox solutions
Critical thinking	Using sound reasoning, criteria, theories and definitions to explore specific questions or issues of concern
Interpersonal	Ability to relate well, cooperate, empathize and work productively with people from a wide range of backgrounds
Information technology	Ability to use IT to access, process and create/provide information
Leadership	Ability to motivate other employees and guide them to success
Listening	Focused attention in which key points are recognized
Numeracy	Manipulation of numbers, general mathematics awareness and its application in practical contexts
Problem solving	Coordinating all that you know and can do to bring about satisfactory outcomes
Self-management	Accepting responsibility, flexibility, improve own performance and time management

Table I.
Definition of
employability skills

Table II.Ranking and rating
of importance and
possession of skills

Rank	Importance of skills	Mean	Rank	Possession of skills	Mean
1	Listening	4.74	1	Information technology	4.35
2	Interpersonal	4.70	2	Self-management	4.20
3	Communication	4.66	3	Interpersonal	4.13
4	Self-management	4.64	4	Numeracy	4.06
5	Problem solving	4.63	5	Adaptability	4.01
6	Numeracy	4.37	6	Creative thinking	3.87
7	Adaptability	4.14	7	Critical thinking	3.62
8	Information technology	4.02	8	Analytical	3.57
9	Leadership	4.02	9	Communication	3.34
10	Analytical	4.01	10	Leadership	3.31
11	Creative thinking	3.97	11	Listening	3.24
12	Critical thinking	3.83	12	Problem solving	3.14

4.2 Testing of hypotheses

Mean scores on the skills expected by managers and possessed by business graduates were compared. It shows that IT skills of business graduates are higher than expected by managers. Study finds no deficiency of IT, so *H1f* was not supported. To test *H1* and its sub-hypotheses, paired samples *t*-test was applied. Table III shows mean difference in a descending order.

Study proves the existence of a significant gap for overall skills expected by managers and possessed by the graduates. Results also reveal that graduates do not possess listening, problem solving, communication, leadership, interpersonal, analytical, self-management, numeracy and critical thinking skills as per expectations of the managers. This supports *H1*, *H1b*, *H1c*, *H1d*, *H1g*, *H1h*, *H1i*, *H1j*, *H1k* and *H1l* of the study. However, results reveal no significant gap for adaptability and creative thinking skills, so *H1a* and *H1e* were not supported.

To test the difference of employability skills across gender (sub-hypotheses of *H2*), independent samples *t*-test was applied (Table IV). Results reveal a significant difference of problem-solving skill for male and female graduates. Mean values for the skill show that problem-solving skill of male (2.95) graduates is higher than that of females (2.24), so *H2k* was supported. Results show no significant difference across male and female graduates for all the other skills.

	Expected skills		Possessed skills		Mean Diff.	Sig.
	Mean	SD	Mean	SD		
Listening	4.74	0.44	3.24	1.10	1.496	0.000**
Problem solving	4.63	0.52	3.14	1.41	1.496	0.000**
Communication	4.66	0.47	3.34	1.04	1.328	0.000**
Leadership	4.02	1.08	3.31	1.14	0.704	0.000**
Interpersonal	4.70	0.55	4.13	0.79	0.576	0.000**
Analytical	4.01	0.64	3.57	0.69	0.440	0.000**
Self-management	4.64	0.50	4.20	0.87	0.440	0.000**
Numeracy	4.37	0.58	4.06	0.90	0.312	0.000**
Critical thinking	3.83	0.68	3.62	0.85	0.208	0.039*
Adaptability	4.14	0.83	4.01	0.88	0.136	0.281
Creative thinking	3.97	1.22	3.87	0.78	0.096	0.486
Overall skills	4.31	0.36	3.74	0.49	0.575	0.000**

Table III.Paired samples *t*-test
to compare expected
and possessed skills

Note: *,**Significant at 0.05 and 0.01 respectively

Table IV.
Independent samples
t-test for possession
of employability
skills across
graduates' gender

Skill	Female graduates		Male graduates		Mean Diff.	Sig.
	Mean	SD	Mean	SD		
Adaptability	4.36	0.810	3.91	1.031	0.446	0.058
Analytical	3.52	0.586	3.41	0.750	0.106	0.531
Communication	3.04	1.060	3.17	1.078	-0.132	0.607
Creative thinking	3.84	0.850	3.78	0.817	0.064	0.747
Critical thinking	3.60	0.913	3.50	0.843	0.100	0.630
Interpersonal	4.32	0.852	4.05	0.847	0.268	0.190
Information technology	4.56	0.583	4.24	0.779	0.319	0.071
Leadership	2.80	1.041	3.09	1.097	-0.286	0.272
Listening	2.56	1.044	3.05	1.083	-0.492	0.059
Numeracy	4.12	1.092	3.97	0.955	0.154	0.519
Problem solving	2.24	1.268	2.95	1.432	-0.708	0.036*
Self-management	4.40	0.913	4.12	0.919	0.279	0.207

Note: *Significant at 0.05

5. Discussion

Managers recognize listening, interpersonal and communication as highly desired skills for business graduates to work in banking industry. In banks, jobs design is based on coordinated work to have a tight control on monetary transactions. Additionally, interaction with public, clients, colleagues and head office necessitates listening, interpersonal and communication skills for effective performance in highly stressful, complex and dynamic environment of banks. Results are consistent with earlier studies. Finch *et al.* (2013) report that listening, interpersonal and verbal communication skills exert highest influence on employability of graduates. Communication and interpersonal skills were found as the most required skills from fresh marketing graduates in Pakistan (Saeed, 2015). Likewise, communication and interpersonal skills are reported as the top most requirements for fresh graduates of management sciences (McMurray *et al.*, 2016; Bennett, 2002). However, Al-Mutairi *et al.*'s (2014) work report that employers attach highest importance to numerical, computing and analytical skills of business graduates in Kuwait. Current study proves these skills to be moderately important for bankers. This may be due to the relative difference of the work environment and the skills possessed by the graduates of the both countries.

The study labels critical thinking, creative thinking and analytical skills as the least important skills to assume entry-level management jobs in banks. Banking jobs require no innovation but compel employees to follow strict rules and regulations. Moreover, conceptual skills are highly important for top management positions, therefore, critical thinking, analytical and creative thinking skills are less expected from fresh business graduates. Somehow, Al-Mutairi *et al.* (2014) find somewhat different results, wherein employers attribute evaluation, learning and writing skills to be the least important skills for business graduates. Probable reason may include working environment because that study assessed skills needed for a variety of industries in a different culture.

This study proves that an overall gap exists between the skills expected by managers and possessed by graduates. Finding is consistent with previous studies conducted for engineering (Ramadi *et al.*, 2016), real estate (Poon, 2012, 2014), tourism (Dhiman, 2012), accounting (Lim *et al.*, 2016) and business (Hodges and Burchell, 2003) graduates for various industries in different countries. Earlier studies report skill expectation-performance gap for accounting (Parvaiz, 2014) and business (Amen, 2014) graduates in Pakistan as well. Skill deficiency may be one of the reasons of underemployment in Pakistan because this makes graduate less attractive.

Current study proves that graduates do not possess listening, problem solving, communication, leadership, interpersonal, analytical, self-management, numeracy and critical

thinking skills as per expectations of the managers. Previous studies found deficiency of communication (McMurray *et al.*, 2016; Ramadi *et al.*, 2016; Smith *et al.*, 2016; Poon, 2014), problem solving (Wickramasinghe and Perera, 2010), analytical (Parvaiz, 2014), interpersonal (Smith *et al.*, 2016), mathematical knowledge (Ramadi *et al.*, 2016) and leadership (Parvaiz, 2014) skills. In Pakistan, employers are not fully satisfied with the quality of university graduates in terms of communication and problem solving (Warraich and Ameen, 2011) and personal and social development skills (Raza and Naqvi, 2011).

The study reveals that creative thinking and adaptability skill levels of the graduates are closer to managers' expectations. Creative thinking skill may only be required at managerial level while entry-level job does not require the skill. Nonetheless, it may be the most expected skill in other industries wherein fieldwork and innovation is valued. Contrary to the result, some studies revealed that entry-level auditors (Lim *et al.*, 2016) and accountants (Parvaiz, 2014) find it difficult to adapt to the workplace. This study also finds that IT skills of graduates are higher than required by managers in banking industry. IT skills are not much needed to perform daily tasks at operational level because business graduates are expected to use and not to develop IT tools in banks. IT skill in excess of requirements represents an unused capacity which may imply that banking industry does not exploit the skill (Collet *et al.*, 2015). Wilton's (2008) study also proves that management graduates possess above average basic computer literacy. Similarly, Ramadi *et al.* (2016) reported that managers showed highest satisfaction with engineering graduates' ability to use communication technology and computer software. Parvaiz's (2014) study could not find a gap for IT skill for accounting graduates in Pakistan.

Results prove that male graduates possess superior problem-solving skill than females. Male employees try more frequently to solve their problems on their own than females (Groot and De Brink, 2000). In male-dominated professions like accounting; pre-existing gendered pattern of expectations, absence of senior female role models, established patterns of male socialization and relegation of emotional skills to females contribute to define role allocations at workplace (Gracia, 2009). Similar factors operating in banking profession may ultimately yield poor problem-solving skills among females.

6. Implications

Tymon (2013) argues that employability skills should be developed according to managers' expectations and fortunately, a broad range of skills can be effectively developed (Wilton, 2008). Students do not have accurate expectations of job skills and thus fail to recognize the level of competence required to work in various industries (Lim *et al.*, 2016). In this regard, current study makes business graduates clear in what they are to learn and how it relates to the expectations of managers in banking industry (Cox and King, 2006). They can maximize their potential for desired employment opportunities in banks by developing their listening, interpersonal and communication skills. Besides this, graduates can better position themselves in the marketplace by highlighting the employability skills desired by the banking industry when applying there (Finch *et al.*, 2013).

The skill gaps identified in this study may help business schools or educators to revise and improve curriculum of some specialized banking programs to be aligned with the needs of the industry (Yang *et al.*, 2015). In this regard, universities must embed necessary skills in course curriculum (Osmani *et al.*, 2015; Buarki *et al.*, 2011; Cox and King, 2006) and make it a part of final assessment (Osmani *et al.*, 2015; Rigg, 2013). Rosenberg *et al.* (2012) suggest that faculty should teach soft skills needed by the banking industry to help graduates gain entry-level employment. Additionally, universities can declare the provision of adequate opportunities to practice and develop these skills (Lau *et al.*, 2014; Rao, 2014) as course requirements (Cassidy, 2006). The most effective activities to improve employability include internships, joint student-industry projects, career development activities, training

programs and curriculum based on corporate demand (Ishengoma and Vaaland, 2016; Sewell and Pool, 2010). To improve marketability and employability of graduates, universities should develop closer links with industries (McMurray *et al.*, 2016; Hamid *et al.*, 2014) to ascertain skills of graduates from employers' perspective (Osmani *et al.*, 2015). Finally, managers may consider the skills needed for the banking industry to base selection decisions for entry-level management jobs to enhance person-job fit which will ultimately reduce turnover (Lim *et al.*, 2016).

6.1 Limitations and suggestions for further research

First limitation of the study is its narrow scope that is to measure skill gap for fresh business graduates in banking industry only. This study investigated soft skills only while ignored other variables like traits, competencies and abilities of graduates. Second limitation is small sample size and low response rate. This warrants careful generalization of results to banking industry generally and other industries particularly. Third limitation is its reliance on the skill expectations of immediate boss only which may give a shortsighted view of employability skills. Assessment of skill gap through a cross-sectional design may constitute another limitation.

Future studies can be designed to examine skill gaps for graduates of other disciplines like medicine, nursing, education and computer science. Further research may be conducted to identify employability skills of business graduates required by other service industries like telecommunication, retail, hospitality and airline. Future studies can be undertaken to investigate gaps for technical skills, traits, competencies and abilities of business graduates. Further research can be held to assess expectations of top managers in a particular industry to figure out skills and competencies needed to assume middle and top management positions. Future researchers may draw samples longitudinally to measure employability skills of graduates at different points in time (Jackson, 2016) to check what is working and what is not (Zinser, 2003).

7. Conclusion

This study intends to identify employability skills that are important for banking industry, to measure the level of possession of the skills by fresh business graduates and consequently to figure out the skill gaps. On the basis of quantitative data collected from managers in banks, study proves that business graduates do not possess adequate levels of employability skills as desired by the industry. Results show that graduates are particularly deficient of listening, problem solving, communication, leadership, interpersonal, analytical, self-management, numeracy and critical thinking skills. Reason for the existence of skill gaps may be the limited exposure of academics as supervisors of business graduates in workplace. All stakeholder should now accept that existing skill gaps do not represent a failure of universities only but the outcome of poor collaboration among educationists, employers and graduates (Jackson and Chapman, 2012). Results prove that problem-solving skill of male graduates is superior that that of females. Ranking on the basis of mean scores for importance of employability skills proves that listening, interpersonal and communication skills are the highly important skills for business graduates to work in banking industry. In this vein, presentation can be a solution because, by giving oral presentation, students practice communication skill and through its delivery and engagement with audience they demonstrate interpersonal skills (Deeley, 2014). The ranking also reveals that critical thinking, creative thinking and analytical skills are the least important skills. Study proves that IT skills are not as much required by the industry as possessed by the graduates. This does not imply that the skill has little role in improving employability rather its possession uniquely places graduates to take on the challenges of modern day employment (Senior and Cubbidge, 2010).

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