Managerial skill gap in various Sectors and Industries – A Review on Existing Studies

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Introduction

A skill gap is a gap between what employers want or need their employees to be able to do, and what those employees can actually do when they walk into work. According to MIT technology review August 2017, “two recent developments have heightened debate over the idea of a “skills gap”: an unemployment rate below 5 percent, and the growing fear that automation will render less-skilled workers permanently unemployable”.

Skills shortages are said to exist where there is a lack of adequately skilled and/or qualified individuals available in the accessible labour market. Recruitment difficulties can be symptomatic of skills shortages, but they may also reflect or be compounded by, uncompetitive working conditions or ineffective recruitment practices.

Scholars define managerial skills as specialized technical knowledge in certain jobs that managers should possess to perform their duties and roles. Managerial skills are a set of behaviors that lead to effective job performance and without them in many cases the knowledge of manager's does not have any effects. This paper provides an overview of previous research on knowledge sharing and intranets about the managerial skill gap.

Kerr et al. (1973)1 optimistically anticipated that technological development would lead to more complex types of work task and therefore rising levels of skills and responsibility. The study focused on the Skill sets in the service sector. Since much of the initial debate on skill development and utilization focused upon the impact of technology and on the manufacturing sector. In this study the researchers re-looks at the technique of scripting customer service.
interactions as a means to improve quality of customer interaction.

Beach (1982)\(^2\) indicates that 87% of persons losing their jobs or failing to be promoted were found to have “improper work habits and attitudes” rather than insufficient job skills or knowledge. It also revealed industry’s need to hire and keep employees who are competent in technical skills and soft skills and passes the responsibility of soft-skill training to the colleges. The special focus needs to be given to reinforcing the value of being able to refine their soft skills.

Benson (1986)\(^3\) in the context of US department stores, highlights the centrality of social interaction and skills of persuasion. He argues that “you persuade customers to buy by introducing the products well, to persuade them to buy you must explain very well, when they hear that what you say is reasonable they will buy”. Researcher adds, at times, customers were portrayed as blank sheets or empty vessels, ready and willing to be led by sales staff provided that they possessed the requisite skill.

Ross & Ruhleder (1993)\(^4\) suggest the Information Science curriculum should concentrate on developing technical & business skills, working in a collaborative setting, instilling sensitivity to social and organizational impacts and to inculcate the ability to self-learn in a rapidly changing technological environment. It has been asserted that technical skills are not the total answer in preparing Information Science professional. It is observed that many system shortcomings arise from the fact that they do not address business objectives and neither are they sensitive to user needs or concerns. Further, they suggest, programs aimed at developing Information Science professionals of the future must cover a wide range of skills and assist to integrate these skills in complex environments.

Calitz, Watson, & deKock (1997)\(^5\) endeavoured to find predictors to success in matriculating high school students. They identified several new performance and psychometric criteria useful in selecting IT students. In addition they identified non-technical skills that are important for success in a business environment including business knowledge, social skills and communication skills as important criteria. They particularly noted the importance of English language, and especially technical English. In addition, they also observed that while the investigative personality type of individuals succeeds in the IT industry, the social
personality type is also becoming increasingly important.

Kakabadse & Korac-Kakabadse (2000)\(^6\) highlight the changing role of the Information Science/IT professional and identify the skills and competencies required for development in the early twenty-first century.

Nickson et al. (2001)\(^7\) in his study “managing empowered workers and the service encounter in an international hotel chain” use the term “aesthetic labour” to describe the employee with good interpersonal and social skills. He emphasised the importance of such workers in the productivity of an organisation.

Pakistan Hosiery Manufacturers Association (PHMA) (2001)\(^8\) PHMA has its central office in Karachi and regional offices in Faisalabad, Lahore and Sialkot. [http://www.phmaonline.com/home.asp].

Hosiery and knitwear sector has 3,500 large, medium and small units, of which 85% are small, 10% medium and only 5% large. The sector is employer of 700,000 people.

Katz (2002)\(^9\) study aimed to analyse the skills of an effective administrator. The study defined managerial skills as the manager's ability to transform information and knowledge in to practice.

Bawa (2002)\(^10\) study aimed to analyse system approach to sustainable development of apparel industry. The study found that 56% apparel manufacturing units train their work force as they understood that like all other resources, human resources needs to be properly managed, developed and motivated through training before it can be put to effective use. He remaining 44% of the units did not provide training to their work force because either they considered training to be unnecessary and expensive or even if they realized the benefits of training, they found it to be an expensive proposition.

Johanna et al., (2002)\(^11\) have done a research among garment industry in Chennai and the study found that low wages, long working hours, oppressive facts, socio-economic conditions are primarily the reason for low labour productivity level for the industry.

Mason and Wagner (2002)\(^12\) a study comparing the automotive sector in different countries reported that while the UK had made gains in reducing inventory cost and reject rates compared to other countries since this sector focus on people with higher skill sets. From their matched firm studies they suggest that most of the productivity gap between the UK and its competitors can be
attributed to differences in investment in physical capital and skills. It is estimated that as much as one fifth of the productivity gap with Germany is the result of the UK’s relatively poorly qualified workforce.

Chaturvedi (2003)\textsuperscript{13} study aimed to assess competitiveness level of Textile sector in India. The study revealed that the Joint Secretary, Ministry of Textiles, Government of India identifies key reasons leading to fall in productivity level are India’s eroding cost competitiveness across products, extremely fragmented nature of the industry, technological obsolescence. He also asserts that since textiles, especially garments is a labour intensive activity there is a crying need to reform labour laws for achieving high productivity and to improve tight delivery schedules.

NPO, (2003)\textsuperscript{14} research paper found that all the reasons are manageable. Some of the reasons can be managed through proper education and training of employers and employees, while other can be managed through bringing improvement in the backward linkages in the CVC. Evidence of manageability of these issues is available. Out of 250 textile companies listed with the Karachi Stock Exchange (KSE), 25 textile companies have been good performers owing to the reasons like efficient use of resources (raw material etc.), finance and human resource management practices, use of Total Quality Management (TQM) for superior quality products, effective marketing strategies, and continuous modernization and up gradation of production facilities.

Hoffman (2003)\textsuperscript{15} survey among Information Technology (IT) professionals, including management, technical staff, and consultants, these skills desired by the industry include “communication skills, people skills, business skills, real-world hands-on experience, troubleshooting, project management, analytical skills, and integration.” A mastery of technical and soft skills is the trademark of a successful computer-electronics technician. According to this study, among the respondents of IT professionals, 75 percent are of the opinion that colleges and universities are not adequately preparing students for the IT jobs of the coming years. However, employers were not complaining about the level of technical skills possessed by entry-level job applicants.

Mason and Wilson (2003)\textsuperscript{16} found that an additional year of skill based education among the workforce of firms in the manufacturing and service industries in
the UK increased each firm’s productivity. A clear connection between higher skills and higher productivity was identified, particularly at the intermediate level of skills.

Nordas, (2004)\textsuperscript{17} this study found that the Pakistani textile products lack exposure to diversified markets. Currently, exports concentrate on few markets. For Pakistani products, USA is the biggest market. In 2005-06, Pakistan exported US$ 4.19 billion worth of products to USA alone, of which cotton and textile products accounted for 88 percent. Share of Pakistan in the US market of textile rose from 3 percent in 1995 to 5 percent in 2002 while that in European Union fell from 5 percent to 4 percent during corresponding period.

Altekar, (2004)\textsuperscript{18} study aimed to analyse managing supply chain in Indian Manufacturing Sector. The study found that companies in India are aware of the concepts of partnership and collaboration, but have their doubts over its successful implementation and hence, generally fail to form a long term collaborative relationship. Major areas where supplier’s involvement is initiated in the Indian companies are quality improvement, JIT implementation, supply planning and transactional performance mainly at the level of finished production. Indian companies give priority to transactional convenience, material planning and resource optimization; over common R&D strategy, central auditing, performance sharing and common business orientation while forming a collaborative relationship.

Wilson et al., (2004)\textsuperscript{19} The Working Futures report commissioned by the SSDA provide this insight for the years 2002-2012. It is attempted to understand what the workforce and labour market of tomorrow may look like. Insight into tomorrow’s employment patterns enables consideration of the nature and volume of skills that will be needed. Skills for business are about people and organisations doing things better, by understanding and acting on sector specific skill and business performance needs throughout the economy. It has shown that skills can make a difference to the performance of individuals and firms and in turn increase the returns to these groups. However, there are a number of shortages in the supply of available skills and important gaps in the current stock of workforce skills. It has therefore become important to look at how we up-skill the economy and use the skills that we have more efficiently to work smarter and more productively. So as to enhance productivity, organisations should
ensure that the right skills are available in the
right place at the right time.

Aziz, (2006) this research paper
found that Pakistan is facing fierce
Competition in textile, textile products and
apparel. Knitwear market in the world has
recently experienced a big boom. During
January-September 2005, bed wear exports
to EU from Taiwan increased by 1,165%,
663% from Cambodia, 235% from Laos,
226% from Philippines, 204 per cent from Sri
Lanka and 65% from China.

Chandra (2006) the study found
that fabric production the major stage of the
garment supply chain mainly consists of
weaving and knitting process as well as the
non-woven process, where the woven fabrics
are produced by interlacing two threads in
lengthways and widthwise directions. The
knitting process involves the interlacing the
loops of yarns which are formed either
mechanically or manually by the pair of
knitting needles. The non-woven process
consists of looping, fixing, knotting, plaiting
or twisting the yarn in the way other than
weaving and knitting, in order to produce the
fabric. The Indian garment industry has
variety of players involved in fabric
production; however, the sector is mainly
divided into two parts: The organized sector
including the large scale and techno savvy
composite mills; while on the other hand
there is the unorganized sector which consists
of the small weavers and knitters including
the handlooms mainly based on the
household business, power looms and
knitting machines.

Daily Star, (2006) study aimed to
assess RMG workers’ minimum wages. The
study found that the industry is moving out to
Bangladesh as there are low wages, skilled
labour and attractive rebates although
Bangladesh is not a cotton producing
country. In case of Bangladesh, minimum
wage rates fixed at TK 1,662 per month
which includes basic salary, house rent and
other allowances for the entry-level workers
equivalent to Rs. 1645 (1 TK = 0.99 Pak
Rupee). On the other hand, minimum wage
rates in Pakistan are Rs. 6,000 per month. So,
labour appears to be more cost effective in
case of Bangladesh. Owing to very effective
policies of the Bangladesh Government,
export of RMGs increased from just US
$40,000 1978–79 to US $6.4 billion in 2004-
05. The sector is providing employment to
around 2 million workers, mostly women
hailing from the rural areas. The experience
of Bangladesh (non-cotton producing
country) indicates that if the same model is
adopted by any other developing country, competition for Pakistan may further increased.

Cotton Australia, (2007)\textsuperscript{23}, this research paper found that the Cotton value chain (CVC) is very long. Raw cotton is converted into cotton lint and seed through ginning. Cotton lint is processed for the production of cotton yarn, which is in turn used for the manufacturing of fabrics / cloth, hosiery, apparel, canvas, tarpaulin. Cloth is processed to have processed or dyed/printed cloth. Printed cloth is used for the manufacturing of readymade garments (RMG) and bed wear. Other textile products include terrycloth (for making highly absorbent bath towels and robes), denim (for making blue jeans), chambray (for making blue work shirts), corduroy, seersucker, cotton twill, socks, underwear, T-shirts, bed sheets, crochet and knitting items etc. Nontextile products of cotton include fishnets, coffee filters, tents, gunpowder, cotton paper (origin in China) and bookbinding. By-products of cotton are cotton seed oil, cottonseed meal (as feed for livestock) and cotton sticks (for fuel and organic matter). Cottonseed oil is highly valuable by-product of cotton. It has several distinct characteristics, being cholesterol-free, high in poly-unsaturated fats and having high levels of antioxidants (Vitamin E) which prolong its shelf life.

Johri and Qazi (2007)\textsuperscript{24} study aimed to analyze microeconomics of competitiveness of Textile cluster in Pakistan. The study identified several weaknesses in the textile sector, most predominantly the poor quality. Weaknesses at initial transfer points of CVC keep on adding to the magnitude of problem towards later transfer points. So quality is one of the serious constraints of the valued addition in the textile sector. Second major weakness of the CVC is the low productivity. Again same principle applies here. Low productivity at initial stages of the CVC leads to compounding of the problem as we move towards later stages of CVC. Third major weakness of the CVC is the old technology. This issue reinforces the first two weaknesses. It does not cause erosion in quality but also dents the productivity. Low productivity is attributed to lack of knowledge and skills, poor technology and poor managerial practices. There are four dimensions which can be used to study the business environment in the Garments Sector, Context for firm strategy and rivalry, demand conditions, factor conditions and
related/supporting industries, as presented in coined the term “Textile Diamond” for this framework. So Textile Diamond was used for analysis of the business environment in the Garments Sector, MEDI, (2007)\textsuperscript{25} study aimed to assess the markets for homebound women embroiderers in Pakistan. The study found that the RMG sector is the source of highest value addition along the cotton value chain. Towel sector currently has 700 towel looms. Handicrafts, garments, and embroidery are the sub-sectors of textile industry having great potential for creating jobs for women. Evidence is available that textile industry can help in enhancing the income of women to a substantial extent. For example, in a project of MEDI launched in Pakistan, average income of women increased from just Rs. 380/month to Rs. 1100/month.

Morris et al., (2007)\textsuperscript{26} study aimed to analyse the changed global dynamics of the clothing and textiles value chains. The study found that skilled labour and management as a critical success factor which provides countries with an advantage; consequently, there is a serious need to develop skills in the clothing and textile industry.

Bharat Book Bureau, (2008)\textsuperscript{27} study aimed to assess the trends in Textile and Clothing trade. The study found that the second trend relates with changing dynamics of world market. For example, textiles exports from Asia to Africa and Europe rose by 19 percent and 11 percent respectively, while from Asia to North America rose by only 9 percent in 2006. On the other hand, intra-North American textile trade contracted by one percent during the same year. Similarly, Asian clothing exports to Europe jumped by 39 percent while to North America increased by just 15%.

OTEXA, (2008)\textsuperscript{28} study aimed to assess Textile and Apparel Trade balance report. The study found that during the aforementioned period, Pakistan also experienced decline on over all basis, however, pattern of decline has been different. Export of Pakistani yarn, and fabrics (which are a raw material for textile industry) plummeted and that of made-ups, and apparel showed some improvement. Moreover, in apparel sector, India has also showed negative performance (-1.51 percent) in US market during the same period. Even total world export of apparel to USA has seen negative growth (-3.88 percent) during the same period.

Morris (2008)\textsuperscript{29} study aimed to analyse skill gaps and skill shortages in the clothing and textile industry. The study found
that the future of the clothing and textile industry will depend on two processes: Firstly, its ability to radically and rapidly increase production capabilities so that individual firms become internationally competitive, and secondly, create successful value chain alignment so as to achieve systemic competitiveness. Amongst other things this will require a radical rethinking of how to address the skills gaps and skills shortages currently manifesting themselves. Without this the clothing and textile industries will not be able to take the upward step along the ladder to international competitiveness.

Bedi (2009) study aimed to assess prospects of Indian Textile and Clothing Industry. The study found that there is a massive gap between the availability of skilled manpower and the requirements of the industry, particularly in the weaving, dyeing, processing and garment segments. To bridge this gap requires massive expansion and modernization of training institutes/polytechnics across the country.

Mason et al (2009) “EMPLOYABILITY SKILL INITIATIVE IN HIGHER EDUCATION: WHAT EFFECT DO THEY HAVE ON GRADUATE LABOUR MARKET OUTCOMES? “found that structured work experience and employer involvement in degree course design and delivery have clear positive effects on the ability of graduates to secure employment in graduates level job. The strong impact of sandwich participation on labour market performance as well known. There is no evidence that the emphasis given by university Department to the teaching, learning and assessment of employability skill has significant effect on either of the labour outcomes.

Rajkumar Paulrajan (2011) in his study entitled “EMPLOYABILITY SKILLS IN CHENNAI RETAIL MARKET, INDIA” The objectives of the study was, to understand the requirement of skill set for jobs and to investigate method of developing employability skills nor estimate human resource requirements of organised retailing industry and to assess the employability skill set. Statistical tools used are Skill Matrix and Analytic Hierarchy Process. Finding of the study is, the underlying skill set required in getting and sustaining employment in the organised grocery and vegetable retail industry. The study concludes that, the mix of academic qualifications, important vocational skills and personal skills are selling skills for entry level jobs. Employers
in retail industry are looking for people for their managerial jobs with different skill set of factors such as academic qualifications, communication skills, leadership skills, teamwork skills and work experience.

Anbanandam et al., (2011) study aimed to evaluate supply chain collaboration. The study found that the major identified variables affecting the supply chain collaboration in garment sector in India are; top management commitment, information sharing, trust among the supply chain partners, long term relationships and risk and reward sharing.

Zenetta et al., (2012) this research paper performed a gap analysis to identify the skill gap among the employees of Tiruppur Knitwear so as to identify the areas for skill improvement. This issue contains an article on “Changing Role of Management Professor” instead of the CXO talk. Poornima Jain (2013) in her study entitled “GLOBALIZATION AND DEVELOPING EMPLOYABILITY SKILLS: CHALLENGES AND THEIR SOLUTIONS WITH REFERENCE TO NPSD & GOVERNMENT’S ACTION PLAN AND ROLE OF LIFE LONG LEARNING AND EXTENSION DEPARTMENTS” The objective of the study was, to study the background of Skill development in India, to study the National Policy on Skill Development and Government’s Action Plan on Skill Development (APSD), to study the challenges before the government in carrying out the APSD, To analyse the role of LLLE departments in solving the challenges in implementing the Policy of SD and to suggest measures to improve employability skills of the job seekers/employed persons. The study conclude that, the urgent need of Partnership between the Government and University departments of Life Long Learning and Extension to achieve the goal of National Policy of Skill Development.

Chithra. R (2013) in her study entitled “EMPLOYABILITY SKILLS - A STUDY ON THE PERCEPTION OF THE ENGINEERING STUDENTS AND THEIR PROSPECTIVE EMPLOYERS” The purpose of the study was to know the perception of Employers as well as the employees towards employability skills required for entry level engineering graduates in multinational software companies. It is an exploratory study. Two sets of questionnaires were developed to assess the perception of skill set required by employers and graduate students. The study reveals that there is significant difference between the perception
of students and their employers. The study concluded that, the students with work experience have better awareness of the employability skills than the students with no work experience. Enhancing the skills and application of knowledge through specific training will enable the workers to perform their jobs in the best possible manner and that is the need of the hour.

Iuliana parvu et al (2014) in his study entitled “IDENTIFICATION OF EMPLOYABILITY SKILLS – STARTING POINT FOR THE CURRICULUM DESIGN PROCESSES” The purpose of the study was, to identify the set of skills, knowledge and competencies expected from the graduates in financial accounting and management. The findings reveal that the significant proportion is held by policies that are related to involvement of higher education institutions in increasing the employability of the future graduates by developing academic programs based on the development of competencies and skills necessary for the labour market. The study suggests that, the Global and National studies on transversal skills expected by employers of university graduates in economics too.

Madlani.M.B (2014) in his study entitled “RURAL EMPLOYABILITY: SKILL DEVELOPMENT THE NEED OF THE HOUR” The objective of the study was, to understand the meaning of employability skills, to understand the importance of skills, to review the requirements by the firm towards employability skills and to find out various methods for developing employability skills. The study aims at finding solution for the problems confronted with the students as well as teachers. Data has been collected from the students, teachers and organizations to find out their expectations about employability and the required skills. The study suggests that, many training institutes can be initiated by the university in which the curriculum design will be upgraded as per the industry needs. Instead of NREGA (National Rural Employment Guarantee Act) if villages are provided with right skills to enhance farm income and increase job eligibility we can generate more income.

Wheebox (2014) Pitches for improving education system in India (Parda Phash: Oct. 2014) -HRD Minister Rajnath Singh, on Friday said that it is important to focus on skill development. Not even one Indian university featured in the list of top 275 universities in the world, according to the Times Higher Education Survey. Quoting
Wheebox on Employability the minister said "only 34 percent of our graduates are employable". 60% of total population available for working and contributing towards GDP, but out of the total pool only 25 % is capable of being used by the market and demand-supply gap of 82-86% in the core professions; IT industry would face the shortage of up to 3.5 million skilled workers.

**Srivastava et al., (2014)** study aimed to analyse skill requirement at the production floor in RMG. The study found that Indian ready garment manufactures have various categories of products and to manufacture such varied products trained and skilled employees are required at the production floor. The study for the research is focused to know the training aspect at operator level of employees of national branded apparels manufacturing units and international branded apparels manufacturing units and to find the differences in their skills. This is an empirical research and data is further analyzed to know the gap in skills of workers at production floor of national brand and international brand manufacturing unit.

**Patwary (2015)** study aimed to analyse skill gap in textile and RMG sector. The study found that RMG accommodates direct employment to around 4.5 million people (BKMEA), 70% of whom are female majority. Different studies rounded up and showed about 40% workers are unskilled at the functional-level of RMG and Textile manufacturing units. However, the workers attain the required basic skills during their early phase of job as on-job training and get used to the operational engagement. Besides, approximately 5% are highly skilled professionals at management or strategic level who operate the managerial affairs of the business. The top management are filled and sourced from different expertise and highly skilled professionals from neighboring countries at higher cost triggering rise in cost of production. Based on findings of the study, a comprehensive roadmap can be designed and institutionalized to develop ‘trained and skilled workforce’ at different functional.

**Conclusion:**
Many studies have been undertaken around the world on the relationship between various employee skills and performance. The studies were reported in different industries, such as construction, health, retailing, IT, education, and hospitality. It has been observed that most of these studies were
focused on a few skill components and did not attempt to frame a comprehensive list of performance enhancement skills.

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