IMPROVING THE LINK BETWEEN HIGHER EDUCATION AND EMPLOYMENT IN INDIA

Shabana Roze
PhD scholar, Political Science Dpt, JMI

Jonas Baetge, Lisa Hartmann
BA Communications, Vrije Universitét Brussel

Abstract
In this paper, we discuss the higher education system in India along with the link between education and employment. At present, there is a dire need in India to change the structure of the higher education system and a need for expansion of the educational scale along with vocationalisation of education to create a more robust system which corresponds with the needs of the market. Based on this hypothesis, we analyze the relationships between each of the two aspects education and employment respectively. In this paper, the factors and the transmission mechanism of the influence that education has on employment are also explained. Then, the theoretical models of the relationship between education and employment are built up. Finally, we use the secondary data for evaluating the status quo of the unemployment structure in India. Our research strongly indicates that the development of education on the basis of vocationalisation is necessary in India. Adjusting the structure of training and education facilities to the reality of the employment market will be beneficial for employment rates. Additionally, governing bodies need not only depend on the creation of jobs as a solution to the employment crisis, but should promote the development of entrepreneurship among the youth of India. Entrepreneurship is indispensable for catering to the employment needs of such a large population. Vocationalisation and professionalization of higher education has inadvertent effects on employment.

Purpose – The purpose of this paper is to emphasize the creation of job-oriented policies affecting the Indian education system.

Design/methodology/approach – The focus lies on group discussions.

Findings – analytical, qualitative data

Research limitations/implications – Our findings are primarily based on secondary data.

Practical implications – The findings provide guidelines for educational policies, and are hence useful for upgrading the higher education system in India.

Originality/value – We take a solution-oriented approach through critical analysis.

Keywords: higher education system, link between education and employment, vocationalisation, entrepreneurship.

Paper type: Research paper

INTRODUCTION

Higher education and employment are indisputably tightly connected. Changes in the education sector, in policy, funding and structure, directly impact the employment sector. At present the unemployment rate in India is increasing day by day. One of the various roots of the high unemployment rate lies in the higher education system and the lack of encouragement toward entrepreneurship. We define higher education as university education
in different streams. Within the scope of our paper, we consider higher education non-vocation based. Even though there is a trend towards professional courses in India, the concept has yet to grow in popularity. Effective education for employment, the connection between the demands of employers and the output of our current education system, the implications of a rapidly globalizing world, and what needs to happen to deliver fit-for-purpose education in the 21st century is the topic of concern.

India is the third largest higher education system in the world after China and the United States of America. India’s higher education landscape is made up of government-run, state-run, and private institutions. There are 20 central universities, which are run by the central government. At central universities, education is meant to be cheaper; however, technical majors in particular are becoming expensive even at government-run institutions. Furthermore, there are 42 specialized colleges, including institutes of technology or management, which are also run by the central government. India has 215 state-run universities, funded and coordinated by the federal governments. Other universities, like the 100 “Deemed Universities” got their university status from the University Grants Commission, and were initiated by private economic initiatives, though financed by government funds. Private universities and distant learning institutions are growing in number and popularity, as state institutions have decreasingly met the increased demand for higher education since the 1990s. The higher education offered by private institutions of higher learning is motivated by profit rather than in accordance with India’s employments market.

The majority of the working population in India is employed in the agricultural sector. Latest research by the National Sample Survey Organization indicates that the creation of jobs in India over the past year was limited, particularly in the agricultural sector, and there was a vast withdrawal from the labour force, especially by women. There is a shift in popularity of higher education among young people, yet the labour force participation rate has declined.

The importance of the informal sector is growing, but trends in education are not responding to this development. Main issues which arise when discussing education in conjunction with employment are discrepancies between rural and urban trends, gender differences, illiteracy rates, the impact of federalism, and the consequences of traditional societal structures such as the caste system.

EDUCATION

Although education is a very important condition for employment, India has to face many education-related problems. The huge shortage of teachers is a national issue. According to a study by the National University of Educational Planning & Administration (UN EpA), India is short of 1.2 million teachers. The number of children between 6 and 14

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years who do not attend school, lies at a shocking 42 million\(^3\). The study indicates that 16\% of all villages do not have primary schools and 17\% of schools employ only one teacher\(^4\).

Additionally, students dropping out of school present a serious problem to the Indian education system. As an analysis of India's District Information System for Education data shows, Grade 5, which is the highest grade in the primary school cycle, has a dropout rate of 15.9\%, while the dropout rates in Grade 6 and 7 are 10\% lower\(^5\). The higher the school grade, the less likely students are to quit. One of the main reasons for those dropouts is economic. 60\% of the children who responded to the survey stated they need to supplement income through household chores and domestic work\(^6\). Another 30\% of the children stated they work to help financially support their families\(^7\). The study found the cost of school materials to be another significant cause for drop outs. Among those children who left school, 9-10\% did so due to poor academic performance, 5 to 8\% felt they could not catch up with school work they had missed due to absence, and 14\% left school because of the discouraging influence of their teachers\(^8\). Regarding the gravity of issues at the primary education levels, the focus of the government budget on primary and secondary education as opposed to higher education seems logical.

Despite gross problems on the level of primary education, the higher education system in India has grown steadily throughout the past century, and has experienced exponential growth since the 1990s. The higher education system in India is now one of the largest in the world. The government has played a significant role in funding and supporting higher education; however, structural needs of the Indian market are not always met. Statistics published by the University Grants Commission state that 36\% of the degree-seeking students in the Indian higher education system are enrolled in the arts, followed by the sciences (18\%) and engineering and technology (16\%)\(^9\). Enrollment in medicine is respectively low at 4\%. Only 2\% of Indian students are enrolled in law programs, and an equally low 3\% are enrolled in education. This indicates that societal needs, such as health, education, and jurisdiction, are not reflected in the contribution of students in the higher education system.

The Rashtriya Uchattar Shiksha Abhiyan (RUSA) is a centrally government sponsored programme that targets state higher education. It allows for state sovereignty. RUSA utilizes particular strategies to address issues of expansion, excellence & equity. Nevertheless, public higher education in India is facing serious problems. Former Prime Minister, Manmohan Singh, evaluated the higher education system in 2007 as follows:

“Our university system is, in many parts, in a state of disrepair. In almost half the districts in the country, higher education enrollments are abysmally low; almost two-thirds of our universities and 90\% of our colleges are rated as below average on quality parameters. I am concerned that university appointments have been politicised and have become subject to caste and communal considerations.”\(^{10}\)

\(^3\) Ibid.
\(^4\) Ibid.
\(^6\) Ibid.
\(^7\) Ibid.
\(^8\) Ibid.

217
Higher education is not only driven by favouritism in the appointment of operatives, but also by market opportunities and entrepreneurial zeal. Many institutions are taking advantage of the relaxed regulatory environment to offer 'degrees' not approved by authorities. Public higher education is reluctant to respond to job market demands. Many “non-profit” organisations develop financial methods to siphon off the profits. This further fuels the growth of private higher education. India’s private education sector was estimated at $40 billion in 2008 rose to $68 billion in 2012.\textsuperscript{11} Looking at the educational infrastructure through statistics, approximately 40% of the Indian population are illiterate, while the capacity of the higher education system – private and public – can only hold 7% of India’s college-aged population.\textsuperscript{12} This educational environment does not promote generalized education. The growth of higher education institutions, illustrated in appendix 1, portrays a growth almost entirely caused by the increase in private post-secondary education institutions.\textsuperscript{13}

Throughout the past ten years, the number of universities and colleges has experienced an exponential growth. However, student enrolment rates have grown at a slower pace. The government program RUSA and the process of privatization of higher education in India are both responsible for this development. On the one hand, RUSA is providing strategic funding to public higher & technical institutions, to fuel regulatory higher education policies on a state level. On the other hand, the percentile increase in private colleges, costly for students, causes good quality higher education to be unavailable for less wealthy students. As a consequence of the costliness of higher education, women’s enrolment is significantly lower than men’s. The chart in appendix 2 indicates that in the academic year 2010-2011, there were 10 million less women enrolled than men, while the gender enrolment gap was at 2 million in 1990-1991.\textsuperscript{14}

The Indian government initiative “Education for All” was initiated after the Millennium and realized in April 2009, when a clause was added to the Indian constitution, giving each child between the ages of 6 and 14 the right to education. At present, governmental and state efforts in the educational sector focus on problems at the primary and secondary level, and not at the higher education level. The government allocated only 4% of the gross domestic product to education in 2012, which included all education – primary, secondary, and higher education\textsuperscript{15}. Changes in the higher education sector are, therefore, highly left to private initiatives.

EMPLOYMENT

“Employment is so crucial for development. Employment creates a sense of self reliance and independence which s very fundamental for development not only at individual but at social and national level. The value education in employment and employment for a healthy, productive and peaceful society cannot be underestimated.

\textsuperscript{14} Ibid.
“Jobs can mean economic freedom for women; provide access to education and health services for children; and present an alternative to violence for idle youth. Employment is crucial to successful and sustainable development. Indeed, if a developed society is one in which individuals can lead healthy, productive lives, have access to the resources needed for a decent standard of living and participate in the life of the community, then jobs can make development happen. Job creation and full employment have been part of the development agenda for decades, sometimes at the top of the list, and at other times losing priority to GDP growth or other economic priorities.”

In 2013, the issue of jobs is back in the development spotlight, and with good reason. According to the International Labor Organization, there are more than 200 million people unemployed worldwide. In recent years, we have seen a global financial crisis that left few countries untouched, causing a massive economic downturn and a major loss of jobs. Five years on, the world is still short some 67 million jobs. In addition to catching up to pre-crisis employment levels, the total number of jobs needed to maintain current rates of employment continues to grow each year. Population projections suggest that the world will need upwards of 500 million new jobs by 2020, the majority in developing countries as their relatively young populations enter the workforce. One way to increase the employability of a population and promote job creation is to improve the quality of education. Education contributes to overall economic growth by improving the efficiency of the workforce and leading to higher rates of individual productivity, which in turn lead to a higher demand for qualified workers. Education can provide individuals with the necessary market skills to be relevant in the economy.

However, this can only happen when the quality of education is ensured. The issue is that most educational systems do not foster inventive thinking, communication skills, problem solving, and other soft skills indispensable on the job market. And also there is no focus on entrepreneurship development. In order to change this situation and maximize the benefits of education while increasing the employability of graduates, collaboration is needed between governments, the private sector and educational institutions. Such collaboration could support the preparedness of workers by aligning the supply and demand of skilled graduates while ensuring the system operates in a favourable policy environment. For example, the German dual system of apprenticeship is often touted as a model for other countries in reducing youth unemployment. This program allows youth to accrue important work experience that will make them more employable and facilitates the school-to-work transition. The German system involves close collaboration between the government and the private sector where the cost and development of the training content is shared jointly by both bodies. Apprenticeships also provide young people with a vocational network before entering the workforce, equipping them with professional connections, hard skills, and motivating them to acquire soft skills. Learning from the success of apprenticeship programs provides guidance on how youth unemployment can be reduced.

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The link between educational policies and the demands of the employment sector has to be established on a national political basis. However, the primary concern of Indian politics at present lies in different sectors, such as financial relations, national security, and centre-state relations. India has a long tradition of federalism and strong regional identities. Since the 1990s, these strong federalist traditions are increasingly presenting problems to the political scene with state governments competing against the central government for prerogatives to make decisions in various areas. Within constant disputes and the disrupted state-centre relationship, education and employment are not the primary issues addressed by governing bodies at present. Both education and employment were placed in the category “Social, Economic, and Human Development” by the Commission on Centre-State Relations, and are hence tertiary on the list of areas in need of reform. The political struggle between federalism and centralism is thus posing a challenge to desperately needed universal reforms in both education and employment.

Unemployment is a national problem, but data shows that some federal states are facing significantly higher unemployment rates than others. The causes for, and manifestations of, unemployment differ from state to state. There is no general remedy for this high unemployment. Even so, educational initiatives have to take into account each individual state and its particular situation.

The Indian employment sector has witnessed massive developments, increasingly throughout the past 30 years. A lack of institutional responses to a demand for re-training and the change in the labour market further increase the growing gap between the rich and poor. Structural changes shift the bulk of the work force from the agrarian sector to the industrial and service sectors. The majority of the workforce still occupies the agrarian sector. However, the productivity of workers in the industrial sector is much higher than in agriculture. Urbanization and the consequential relocation of the workforce has played a main role in government policy choices and ignited the demands for a re-training of the workforce. At present, work in the agricultural sector can be made more effective and a bulk of the workforce can be mobilized through education and vocational training to meet the needs of 21st-century India and its market.

As suggested by the work participation statistics presented in appendix 3, work participation rates and employment growth have been more or less equal in rural and urban trends. However, statistics point out the under-employment of women in India. The Indian labour market is at present not living up to its full potential, since more than 60% of India’s women are not actively involved in salaried labour. Factoring women into the generation of India’s GDP would have massive economic consequences. Making higher education and high-quality vocational training more accessible to women in particular would go a long way.

Social segregation, which has its ancient roots in the caste system, and the religious and tribal diversity of the vast sub-continent, establishes limitations to social and job mobility in India. The Indian Constitution provides specific articles for people of “Scheduled Castes” (SC) and “Scheduled Tribes” (ST). These articles aim at the reduction of discrimination.

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against these listed castes and tribes, and provide for compensatory discrimination, including
the guarantee of seats in parliament for SCs and STs for increased political participation, and
access to education for members of SCs and STs21. Government policies aim at including
members of castes who have been disadvantaged throughout history, and at improving their chances at education and equality in the job market. The reality on the job market is a different one than the laws suggest. For example, when comparing the salaried job situation of prime-aged males of forward caste Muslims with that of forward caste Hindus, statistics by Borooah et al. show that Muslims have an “employment deficit”22. Government policies of job reservation have diversified the representation within job groups in India. Nevertheless, people of lower castes and of certain religious and tribal groups are still disadvantaged. Differentiations in chances on the job market are not exclusively rooted in education, but increased chances at higher education could play a key role in resolving tribal, religious, and caste differences in employment.

Role of Entrepreneurship in Increasing Employment

Initiatives that focus on increasing entrepreneurship and increasing employment have much in common, since entrepreneurship can be seen as a special form of employability. Entrepreneurship has often been cited as a key factor to improving economic growth in developing countries. Entrepreneurship is also seen as an important way of dealing with issues relating to poverty, as entrepreneurship creates new jobs, fosters a climate of innovative thinking, and can lead to the launch of pioneering and cutting edge companies. There is also evidence to suggest that entrepreneurs create more employment than non-entrepreneurs. Entrepreneurial activities encourage the development of new enterprises. In turn, the establishment and growth of small and medium enterprises (SMEs) leads to the creation of jobs.

As mentioned earlier, SMEs have been found to be responsible for a large percentage of the formal jobs in the developing world. Therefore supporting the creation of SMEs and their ability to grow into larger businesses can be an effective way of stimulating the job market.

Another key factor in strengthening economic growth in developing countries is innovation. While research on the intersection of entrepreneurship and innovation, particularly in developing countries, is in the early stages, there is nonetheless a consensus that entrepreneurship encourages high levels of innovation. Innovation is important because it can lead to more high-value productivity chains and technological change, resulting in a wider range and better quality of goods and services. Entrepreneurs stimulate innovation as they are responsive to potential new markets and seek opportunities to create new ventures, products and services. Entrepreneurship thus forms part of the process in shifting developing countries from factor-driven economies based on natural resources and unskilled labour, to innovation-driven economies which compete by providing new and unique products and services.

In order to be successful, entrepreneurs need skills such as creativity, problem-solving and communication skills. Many times these skills are learned through experience – often from entrepreneurial failures – that help an entrepreneur finally arrive at a successful venture. These skills can also be developed through entrepreneurship education and training programs specifically targeting enterprise founders and owners. Such programs focus on providing

22 Ibid.
individuals with practical education and experiential learning that builds both soft skills, such as communication, social intelligence, and professional skills.

CONCLUSION

In conclusion, the unemployment problem and the growing social cleavages can only be resolved through a drastic structural change in the higher education system. Particularly the distribution of enrolment by field needs restructuring. For example, in India, there is a lack of qualified teachers, yet only 3% university students are enrolled at education. Therefore, especially public universities should adjust to the demands of the market and hence become more attractive to students. As a consequence, less wealthy students would have access to higher education which provides for a stable entrance into the job market.

Higher education and high quality vocational training at present is not available to a large part of the potential workforce of India. Since providing education to disadvantaged individuals within society presents itself difficult due to traditional structures and customs, promoting entrepreneurship would be a way to launch change. In order to efficiently involve women and people of lower castes or discriminated tribes and religions in the Indian economy, self-employment and skill-training initiatives are needed. Overall, the struggle between private and public actors and the struggle between central and state actors is creating a barrier to improvements, leaving a bulk of the work to non-governmental grassroots organizations and societies.
Bibliography


Appendix 1

"Higher Education in India at a Glance." University Grants Commission. February 2012. 
http://www.ugc.ac.in/ugcpdf/208844_HEglance2012.pdf

Appendix 2

"Higher Education in India at a Glance." University Grants Commission. February 2012. 
http://www.ugc.ac.in/ugcpdf/208844_HEglance2012.pdf
Appendix 3