

Determinants Affecting Inside and Outside Employability of Employees

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Abstract

Today, employers are looking for more than just technical skills from the modern workforce. They are looking for people who are capable of performing various tasks and roles. Employers have been very serious in recruiting competent employees with vast experience so that they can cut short on training. Employees, on the other hand, are searching for opportunities for self development that can expand their horizons. The paper aimed at examining determinants that influence employees' employability. Determinants that were examined are formal and informal career management practices, training, job experiences, education and tenure with current job. Employability is measured using two dimensions; inside and outside employability.

Keywords: Training & Development, Talent Management, Career Development Practices, Inside Employability, Outside Employability.

1. Introduction

Employee receive trainings formally or informally on the job. Some are given the opportunity to perform different tasks in the form of job enlargement, job enrichment and job rotation. All these processes are expected to expand the skills and job experience of the employees. Beside these programs, informal career management practices like interpersonal relationships are also used to expose employees to new roles and perspective. Mentors who are highly experienced and skilled are assigned to guide and provide advice to employees with less experience. The idea to provide training and development (T&D) to employees is mainly to allow them to be more employable for other tasks. Regardless of positions or where they work, having exposed to various tasks and roles may increase the ability of employees to assume other roles which are initially not meant for them. It seems that employees benefit from T&D in many ways and more importantly, such support is very useful for their successive marketability. Being able to perform different roles and be employed in different organizations nowadays may be one of the best selling points for an employee. And to be one, the person should be equipped with the right knowledge, skills and abilities through job experiences and other T&D programs. Marketability also means a person is able to remain in his or her job that eventually could help him or her climb the career ladder. Human

capital theory proposes that investment in employee training and education would lead to higher internal mobility and reduce external mobility [13]. Therefore, this study came along with the intention to enrich the body of knowledge in employability. This study focused on examining factors that influence employability namely career development practices, training, job experience, education and tenure.

2. Literature Review

2.1 Inside and outside employability

According to Tome [26], in the last decades of the 20th century, with the advent of knowledge based economy, the economic structure of countries began to change very fast and employability began to be much more uncertain. Organizations have to be prepared with more competition and need to strengthen their competitiveness. Human capital is one of the major weapons that serve as the driver for them to survive and thrive. Each and every employee hired is considered an asset that can be used to produce more wealth. On the other hand, employees have to stay marketable given the uncertain economic condition. They have to find employers and workplaces that offer both employment and career development. Employability becomes very important nowadays as it facilitates them to move from one job to another, within and between organizations [12]. According to Tome [26], an employer would hire a person who is valuable for the company and the value is measured in terms of his productivity and quality of performance. Employability has primarily benefited employees with high developed or high demanded skills [9]. Groot and Maasen van de Brink [13] distinguish between workers' inside and outside employability. Outside employability refers to the ability and willingness to switch to a similar or another job in another firm, and therefore reflects the value of workers' human capital in the external labor market. Inside employability refers to a worker's ability and willingness to remain employed with the current employer, which is the value of a worker's human capital in the internal labor market. Trained employees can be employed into more jobs within the firm with less supervision. The idea of employability is a high concern nowadays with the uncertain economic condition that exposes both employers and employees to ambiguities. Employees who are less skilled and competent are susceptible to retrenchment. Employers have to juggle between the need to contain cost and maintain productivity for efficiency. Having only the right people with the right skills at the right time is the priority. Thus, employees should have the marketable skills that promise them immortal career life.

2.2 Factors Related to Employability

2.2.1 Career Development Practices

Employers do many things to help employees develop their skills and career. Various programs such as T&D opportunities, mentoring programs, coaching and other training initiatives are used to enhance employees' career [21]. There are programs that attach an employee to a mentor with the intention to equip the person with skills and knowledge on the job. Mentoring is the process when an employee, particularly inexperienced one, learns from someone who is experienced and has mastered the job skills [19]. Based on their case study on a university, Cockill and Egan [10] reported that mentoring has enhanced the employability of university graduates and the mentors are the

former students of the university who have joined the workforce. Coaching is also considered a powerful way in boosting employability. Normally, managers and supervisors need to act as coaches and they are responsible to motivate, guide and provide feedback to employees. Employees should be given the opportunity to know how well or bad they perform and bosses should give training when necessary, especially when the poor performance is due to lack of skill. This kind of program could increase the employability of the employees [1]. Sometimes, the superiors would introduce their employees to the right people at work and it works in helping them to manage their career [25]. Besides coaching and mentoring, informal strategy like providing networking opportunities could also be used as a platform for employees to expand their horizons [25].

2.2.2 Job Experience

Noe [21] noted that job experiences include various programs such as job enrichment, job rotation and job enlargement. These programs allow employees to be exposed to new experience. But it can only happen with full support from bosses who are willing to assign employees with new functions and responsibilities. It is noted by Snell [24] that for employees to learn, they must be willing to learn new skills, apply the skills and master new experiences. Employees should be given different tasks or work on special projects in order to pick up new skills. They could also switch roles with other co-workers so that they know how to perform various tasks. Van der Heijden [27] stressed on the importance of giving different functions or tasks to employees. The author postulated that an employee who hold the same position for more than seven years and will remain in the same position for another five years can be regarded as unemployable. It should also be noted that managers and superiors need to be opened for errors and mistakes that employees commit. Such support is highly needed so that employees can expand their skills and thus, employability.

2.2.3 Training

Bassanini [4] found that training programs have helped to raise the overall employability of workers, significantly improving their chances of gaining reemployment after having been laid off. Investment in human capital is seen as a tool to improve labor market flexibility [13]. Companies provide employees with diverse types of training such as on-the-job training, courses and workshops. According to Noe [21], such courses are offered by consultants or universities to teach employees new skills and knowledge relevant to their jobs. In some organizations, such programs are conducted using in-house facilities which are less costly. Separate programs are usually provided for different groups of employees such as support staff, supervisors, executives and middle managers. Training is different from job experience because the latter is more towards employee development that is more relevant for future changes like promotion, transfer and change in technology. Training on the other hand is for employees to master the knowledge and skills that are required in their day-to-day job activities. It is noted by Baruch [3] and Carbery and Garavan [7] that employers are more willing to give job specific training that is relevant to employees' current job in the company and not so much training that offer standard skill development. This is because such training on job specific skill gives more immediate return as compared to the latter's that could only be realized in the long term. In their survey that was based on 4538 observations, Groot and Maasen

van den Brink [13] found that employees who work in firms that organize training are likely more employable at other tasks. Employees who take more courses are found employable for other tasks within the firm. The study also revealed that on-the-job training is able to make employees learn multiple skills and are capable of performing other tasks. Sanders and de Grip [23] conducted a study assessing the effect of training participation on employability of low-skilled workers.

2.2.4 Education and Tenure

Generally, higher level of education and longer tenure are expected to have positive impact on employability. Mincer [17] posited that employees that have long years of education are able to find suitable jobs easily. However, Groot and Maasen van den Brink [13] found that education has no significant impact in making workers more employable. They also indicated that employees with longer years of tenure in the organizations tend to be less employable within the firm. This is due to ‘experience concentration’ that makes the employees less capable of performing new tasks which require latest skills and knowledge. Indisputably, those who are highly experienced in their job tasks are very skillful and productive at the present job but unfortunately it makes them less ‘marketable’ for other jobs. However, he strongly noted that this happened when there was a dual labor market that occurred due to different economic conditions within the period. Given the inconsistent findings on the effect of education and tenure on employability, more studies in this area are required.

3. Theoretical Framework

As particularized earlier, employability is influenced by many factors such as career development practices, training, job experience, education and tenure. In this study, the relationship between all these factors and employability were measured. New findings were expected because the present study sought to examine the impact of these factors on both inside and outside employability. Most studies conducted previously only examined employability as a whole and there was no distinction made on its dimensions whether it is inside or outside employability (except in studies done by Groot and Maasen van den Brink [13] and Sanders and de Grip [23]. Inside and outside employability are expected to be influenced by career development practices, training, job experience, education and tenure. Such influences were expected given the findings in prior studies for instance relationship between employability-training [4, 13, 23]; employability-career development practices [21, 25, 10, 1]; employability-job experience [27]; employability-education and tenure [17, 26].

4. Research Methodology

4.1 Research Instruments

The data was collected by distributing survey questionnaires among employees in various organizations (especially IT companies) in Pune area. The questionnaire was divided into three sections; Section A asked on career development practices, inside and outside employability. Section B and C asked on training and job experience of employees in the past two years. Respondents’ demographic profiles such as education level and tenure were asked in Section D. Measurement items for career development practices were adopted and adapted from Sturges

et al [25] that consisted of 10 items. The items asked the respondents to rate on the amount of support they receive from their employers and superiors in their career management. Nine items were developed and responses were on a 5-point scale ranged from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaires were self administered by the researchers and each respondent was personally approached and to encourage participation, tokens were given as appreciations. Originally, the questionnaires were distributed to seven hundred employees from various industries but finally, only a total of 260 responses were obtained (thirty seven percent response rate) and usable for analysis.

5. Data Analysis

5.1 Reliability of Measurement Items

Items used to measure career development practices and employability were factor analyzed to summarize the structure. Based on the factor analysis output, four factors were produced consisting of items for the respective variables. The Bartlett test of sphericity is significant and the KMO measure of sampling adequacy is .855. The factor analysis on the construct has produced four dimensions which contained clear cut items. Items that measured career development practices were reflected in factors 1 and 3. The clear cut factors were expected and the same was found in Sturges et al [19]. Factors 1 and 3 were labeled “formal career development practices” and “informal career development practices”. Factor 2 was named “inside employability” and factor 4 labeled “outside employability”. The output of the factor analysis is as indicated in Table 1.

Table 1: Rotated Component Matrix.

	Component			
	1	2	3	4
My boss makes sure I get the training needed for my career	.825			
I was given sufficient training to develop my career	.813			
I have been taught things I need to know to get on I this organization	.778			
I have been given work that has developed my skills for the future	.661			
I have been given a personal development plan	.640			
My boss has given me clear feedback on my performance	.518			
I am employable for tasks that actually belong to another job within the firm		.791		
I am capable of performing another job within the department or firm		.762		
I am capable of performing different tasks even though they are not actually mine		.754		

Given the skills and knowledge I have, I can be assigned to a different task within the department or firm		.739		
My boss has introduced me to people who help my career			.828	
I have been given a mentor to help my career development			.764	
I have been introduced to people at work who are prepared to help me develop my career			.722	
I have been given impartial career advice when I needed it			.611	
I am willing to work in another firm as long as I have to perform similar job				.770
Given the skills and knowledge I have, I am employable in another firm				.762
My work experience gives me opportunity to be employable in another firm				.741
I am able to switch to a similar job in another firm				.659
I have no problem doing a different job in another firm				.420
Cronbach's Coefficient alpha	.871	.802	.836	.772

Total variance explained: 62.902

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

5.2 Training, Job Experiences and Employability

Table 2 indicated that training was significantly related to inside employability ($r = .167, p = .003$) and outside employability ($r = .251, p = .000$). Job experiences was found only significant to inside employability ($r = .219, p = .000$) and it is not significantly related to outside employability ($r = .098, p = .058$).

Table 2: Correlations between Training, Job Experiences and Employability.

		Outside Employability	Inside Employability
Training	Pearson correlation	.251	.167
	Sig.(1-tailed)	.000	.003
	N	260	260
Job Experience	Pearson correlation	.098	.219
	Sig.(1-tailed)	.058	.000
	N	259	259

*All are tested at $\alpha=0.05$

5.3 Education and Employability

ANOVA test was used to determine whether employability is influenced by education level. The results indicated that there existed significant differences across different education level in terms of outside employability, $F(2,256) = 3.065, p = .048$. Given the significant difference, a post hoc multiple comparisons test was run to examine which level of education that significantly influenced outside employability. Tukey HSD test indicated that bachelor's degree holder or higher had significantly higher mean outside employability than those with college or polytechnic degree (mean difference = .211, $p = .04$). The ANOVA test did not show any significant differences of inside employability across different education levels, $F(2,256) = .485, p = .616$.

5.4 Tenure and Employability

ANOVA test was used to determine whether employability is influenced by tenure. The results indicated that there exist significant differences across tenure level in terms of external employability, $F(3,256) = 4.757, p = .003$. Using a Tukey HSD test, it was found that those with tenure less than 2 years had significantly higher outside employability mean than those with 3 to 5 years tenure (mean difference = .246, $p = .016$). It was also found that those with more than 10 years of tenure had significantly higher outside employability mean than those with 3 to 5 years of tenure (mean difference = .427, $p = .033$). The ANOVA test did not show any significant differences of inside employability across different tenure levels, $F(3,256) = .984, p = .401$.

5.5 Career Development Practices and Employability

Pearson correlation tests were used to test the individual relationships among the variables. Based on the factor analysis output, items to measure career development practices were clearly summarized into two dimensions; formal career development practices and informal career development practices. Formal career development practices reflected the level of support given by the superiors to the employees in terms of their career development. The output indicated that formal career development practices was positively related to external employability ($r = 0.193, p = .001$) and internal employability ($r = 0.182, p = .002$). Informal career development practices reflected the level of interpersonal relationship that employees experienced in their career development. It was found only significantly related to outside employability ($r = 0.125, p = .022$).

Table 3: Correlations between Formal Career Management Practices, Informal Career Management Practices and Employability.

		Outside Employability	Inside Employability
Formal career development practices	Pearson correlation	.193	.182
	Sig.(1-tailed)	.001	.002
	N	259	259
Informal career development practices	Pearson correlation	.125	.100
	Sig.(1-tailed)	.022	.054
	N	260	260

*All are tested at $\alpha=0.05$

The relationship with inside employability was insignificant ($r = 0.100$, $p = .054$). Table 3 below summarizes the findings of the analysis.

6. Discussion

The study findings generally supported the notion that support that are given to employees in expanding their skills and knowledge are very helpful in increasing the level of employability. The similar patterns of relationships were also found in studies done by Groot and Maasen van den Brink [13] and Sanders and de Grip [23]. However, the insignificant relationship between informal career development practices and inside employability is rather unexpected. Such finding could be due to the fact that efforts made to increase networking or interpersonal relationship does not really help in expanding employees' ability in performing different tasks within the organizations. The study findings further provide more insights that in order to increase employees' inside and outside employability, more formal T&D efforts have to be capitalized like training participation, superiors' support in career planning, assignment of challenging tasks and opportunity for performing various tasks as well as feedback on work performance.

The significant relationship between informal career development practices and outside employability gives a clue that interpersonal relationship is more useful in expanding one's opportunities for employment in other organizations. Indeed, to be employable outside, an employee requires a fresh outlook and perspectives. Having the chance to relate or work with people from various background helps to make the person learn something new which is beyond his or her boundary. It may be able to shift the person's paradigm. The insignificant association between informal career development practices and inside employability perhaps due to the fact that the new things or knowledge acquired are only relevant for new experience outside the organization and has no direct connection with the experience gained from the current organization. Furthermore, the items used to measure the variable are more on the employees' future career and not so much relevant to their current job.

Significant relationship between the training received by employees and both inside and outside employability is consistent with others' findings [13, 23, 4, 28]. More training opportunities offered to employees are able to enhance their employability within and outside the current organizations. On the other hand, job experience was found only significantly related to inside employability and not to outside employability. This could be due to the fact that most development programs given to employees are job specific that is only relevant to the employees' current job in the organizations. Perhaps, what is mentioned by Baruch [3] and Carbery and Garavan [7] on employers' reluctance to provide standard skills for employees is valid.

The study indicated that those with bachelor's degree had higher outside employability than those with lower qualifications. This is generally consistent with others' findings [17, 11]. However, there was no significant relationship between education levels with internal employability. Similarly, those with more than 10

years of tenure have higher outside employability but there is no evidence to support that longer tenure leads to higher inside employability. It was noted by Groot and Maasen van den Brink [13] in their studies that education, tenure and work experience did not significantly explain internal employability. This could be due to the fact that higher qualification and experience only helped to increase outside employability but possibly, to be internally marketable, what is more important is their level of current job performance. Another interesting finding to note is those with less than 2 years tenure are more employable outside than their counterparts with 3 to 5 years of tenure. This finding gave a clue that those with longer years of experience at the current job are expert at their present job but have less ability to perform other or similar tasks in other organizations. On the other hand, those with less tenure are more employable outside because they are relatively easier to be trained for other jobs in other organizations.

7. Implications of the Study

The study findings have several implications to employers especially in the perspective of T&D. Given the strong and significant relationships between training and employability, employers are supposed to provide more opportunities for employees to go for T&D programs. And the T&D programs should not be restricted to job specific skills and knowledge; rather they should also address the standard skills. As noted by Wang and Chan [28] and Noe [21], when employees receive more chances to upgrade their skills and knowledge, both employees and employers will benefit in terms of productivity, employee commitment, loyalty and efficiency. It is a win-win situation as both parties will gain.

8. Major Limitations of the Study

The present study findings used a small number of samples ($n = 260$) and the data was collected in Pune area only. Therefore, in the future, more samples need to be used that can represent the total workforce population. The items used to measure internal and external employability were adjusted from a study done by Groot and Maasen van den Brink [13]. The present study used more items to measure both variables and new items were self developed. Therefore, more samples need to be taken to ensure the validity of the items. Measurement items for T&D should also be revised in order to better reflect the amount of T&D received by employees.

9. Conclusion

The study revealed that generally, T&D program provided for employees are useful for their employability. Active participation and strong support from managers and bosses help to increase employees' skills and knowledge. The present study also sought to measure to what extent that these T&D supports are linked to inside and outside employability. Using the original measurement items developed by Groot and Maasen van den Brink [13], the author modified them by increasing the number of items and subsequently used factor analysis to cluster the items into their respective dimensions. For future research, more surveys need to be done in order to increase the validity of the items used in measuring the internal and external employability.

The insignificant association between informal practices and internal employability would require more research to be conducted in order to understand the reasons behind it. Possibly, the scope of the research could be expanded to employees in other states of India.

10. References

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