

SKILL GAP AND EMPLOYABILITY MISMATCH AMONG COMMERCE GRADUATES: AN ANALYTICAL STUDY

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Abstract: Although Higher Education in India has experienced exponential growth in terms of numbers, the growth has not translated in same proportion in terms of equipping students with relevant market skills. This study identifies the skill gaps prevalent in commerce graduates and explores the reasons behind their low employability. The study focuses on the commerce graduates from the University of Calicut, the largest affiliating university in the state of Kerala, which serves around 250,000 students across 394 colleges. The primary data for this study was collected from 360 respondents, using a well-structured questionnaire. A multi-method approach has been employed to analyze the data, including Chi-Square Test of Independence, One-Way ANOVA, Garrett Ranking Technique, and Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). Moreover, a Path Analysis with mediation and Multiple Regression has been employed to understand the determinants of graduate employability. The findings of the findings reveals significant association between college type and employability, add-on course and employability, and skill requirements for employability. Three latent skill dimensions, namely, Applied Skills, Conceptual Skills, and Entrepreneurial Skills, have been identified. The results of the Path Analysis reveal that the institutional type has the most dominant indirect effect on graduate employment through employability skills ($\beta = .839$). The Garrett Ranking Technique reveals that communication deficiency, digital illiteracy, and lack of practical exposure to industry are the top three reasons for unemployment of commerce graduates. The findings have crucial implications for curriculum designers, policymakers, and skill development managers in commerce education, particularly in the Malabar region.

Keywords: Skill Gap, Employability Mismatch, Commerce Graduates, Graduate Unemployment.

I. INTRODUCTION

While education is widely recognized as a major catalyst for empowerment and economic growth, in knowledge-based economies higher education assumes greater significance than simply tracking numbers of enrolments. (Harvey, 2001; Yorke, 2006). In the developing world, and South Asia in particular, the rapid expansion of mass higher education has often not led to an enhancement of quality or relevance, even as institutions have managed to increase their numbers of students. Why is this the case? In this volume, a number of experts examine the situation with respect to higher education across the developing world, focusing particularly on South Asia. In India, one of the world's largest higher education systems comprising more than 40,000 colleges and over 1,000 universities millions of students enroll every year in a wide variety of programs. One of the most popular disciplines is commerce, with tens of hundreds of thousands of students enrolling every year for the Bachelor of Commerce (B. Com) degree. Despite the growth in the commerce education, very little is known about whether students graduating from such programmes have the requisite skill-sets to become employable. The India Skills Report (National Skill Development Corporation & KPMG, 2024) found that only 51.25% of commerce students who had completed their three-year undergraduate programme were employable. A Confederation of Indian

Industry (CII) survey carried out in 2023 in collaboration with (Wheebox, 2023) found that commerce students in general were least prepared to take up jobs. The study on graduate employability among commerce students in the University of Calicut, the largest affiliating university in Kerala is particularly relevant. The university caters to the educational needs of over 250,000 students studying in its 394 affiliated colleges across Kozhikode, Malappuram, Palakkad, Thrissur and Wayanad districts - a region that is relatively underdeveloped in comparison to southern districts of the state. For this largely young and economically underprivileged population, higher education offers perhaps the only means of social and economic mobility, which is rapidly being transformed. The study, therefore, focuses on the region with a view to elucidating the graduate employability challenge. The increased proliferation of self-financing colleges in Malabar region ever since the liberalisation of education in early 1990s has introduced a huge quality variation among Commerce College programmes. This variation stems from differences in resources, facilities, teaching quality, career counselling and indeed a host of other factors. The study explores this challenge of graduate employability and links it to wider conceptual frameworks that attempt to explain the human capital dimension of investment in education. Human capital theory (HCT) argues that investment in education and training programmes helps in enhancing human capital which can lead to a significant rise in productivity and thus economic growth (Becker, 1964; Schultz, 1961). The returns on investment in education are shaped more by the quality of skills earned than by educational certification (McQuaid & Lindsay, 2005). Graduates possess a bundle of skills that prospective employers look for in a candidate. The primary intention behind higher education is to help in the development of communication, problem-solving, technological and applied skills rather than solely concentrating on theoretical knowledge dissemination. (Clarke, 2018; Bridgstock, 2009; Knight & Yorke, 2004). for instance noted that there is widespread problem of graduate employability across different disciplines and economies due to the fact that the higher education curriculum has remained out of sync with industry requirement. Employers value most those skills that are not only equip a young individual with the ability to take up employment in his or her field of study but also possess soft employability skills that enable them to adapt to ever-changing workplaces. The study further draws on literature related to skills mismatch between the graduate students and the workplace, reasons for such mismatch and its consequences on both unemployment and underemployment. argued that the challenge of graduate employability extends far beyond the campus to various locations across a student's life, noted that such mismatch is frequently reported across a wide range of disciplines. Skills gap and employability gap of B.Com. graduates of University of Calicut are investigated in this study. The two main objectives of the study were to find out the association between the demographic characteristics of B.Com. graduates and their employment status and to find out the differences in the level of skills of the B.Com. graduates in different types of colleges and the reasons for skill gap and unemployment. The study analyzed data from 120 sample respondents including graduated and post graduated B.Com. students selected from Government Colleges, Aided Colleges and Self-Financing Colleges including Affiliated Colleges of University of Calicut by simple random sampling technique. Employability statistics did not give enough insight about the causes of the skills gap among the young B.Com. commerce graduates. Therefore, this study tries to fill up the vacuum by studying the employed and unemployed commerce graduates of the University of Calicut and analyzes the reasons behind the causes.

II. REVIEW OF LITERATURE

Investment in education is a productive investment according to the human capital approach. As early as (Schultz, 1961) the seeds of the modern approach to the subject were sown, but it was (Becker, 1964) who established the theory of human capital in a comprehensive manner. Education is the major means through which societies stockpile knowledge which will enhance individual productive capacity, increase productivity in the labour market and bring about sustainable economic growth. Higher education is seen as the principal means of achieving this objective. However, the empirical record has increasingly complicated this optimistic formulation. (Allen and van der Velden 2001) demonstrate in their influential study comparing educational and skill mismatches across European labour markets, the returns to higher education are not uniform; they are mediated by the degree of correspondence between the skills acquired through formal schooling and those demanded by employers. Where this correspondence breaks down as it demonstrably has in large segments of Indian higher education graduates face what (Neffke et al., 2022) describe as skill displacement costs: prolonged periods of underemployment, earnings penalties, and constrained career trajectories that persist well beyond the initial years of labour market entry. (Green and Zhu, 2010) extend this analysis to show that overqualification a common manifestation of mismatch in mass higher education systems produces cascading effects on job satisfaction, on-the-job search behaviour, and overall labour market efficiency. In the Indian context, these dynamics are amplified by the sheer scale of graduate production relative to the availability of graduate-appropriate employment, particularly in regions such as northern Kerala where formal sector growth has historically lagged behind educational participation.

Within the higher education literature, employability has evolved from a relatively narrow concern with job-readiness into a multidimensional construct encompassing a range of cognitive, communicative, interpersonal, and entrepreneurial attributes. (Harvey, 2001) provides an early and influential conceptualisation, distinguishing between employability as an attribute of individuals and employability as an outcome of educational processes a distinction with important implications for institutional accountability. (Yorke, 2006) similarly argues that employability is best understood not as a simple checklist of skills but as an integrative disposition arising from the interaction of subject knowledge, generic competencies, self-management capacity, and metacognitive awareness. (McQuaid and Lindsay, 2005) offer a particularly comprehensive framework, identifying three interacting determinants of employability: individual factors (including skills, qualifications, and personal attributes), personal circumstances (including social networks and geographic mobility), and external factors (including labour market conditions and institutional support mechanisms). This tripartite model aligns well with the present study's analytical design, which examines individual skill levels alongside institutional characteristics and labour market positioning. (Bridgstock, 2009) adds a further dimension by highlighting the role of career management skills often neglected in formal curricula as a critical mediator between educational attainment and employment outcomes. (Knight and Yorke, 2004) reinforce this perspective, noting that higher education institutions frequently prioritise disciplinary knowledge over the broader portfolio of attributes that employers actually value. Within the Indian context, the skill gap problem has been extensively documented, though frequently at the level of aggregate statistics rather than institutionally disaggregated analysis. (Unni, 2016) provides one of the more rigorous examinations, demonstrating that significant skill gaps at the tertiary level constitute a binding constraint on India's ability to realise the productivity gains promised by human capital theory. Her analysis reveals a systematic mismatch between the competency profiles produced by higher education particularly in humanities and commerce streams and the applied and technological skills demanded by high-growth manufacturing and service sectors. The India Skills Report 2024 (National Skill Development Corporation & KPMG, 2024) identifies communication, problem-solving, critical thinking, and digital proficiency as the four most acute skill deficiencies among Indian graduates. This finding is particularly instructive in the context of commerce education, where the persistent emphasis on rote-based examination preparation leaves graduates poorly equipped for workplaces that increasingly reward analytical reasoning, client communication, and digital financial literacy. The Confederation of Indian Industry corroborate this assessment, noting that the employability rate among commerce and management graduates has displayed a consistent downward trend across successive annual surveys (Wheebox, 2023), pointing to structural rather than cyclical causes. (Mathew and George, 2019), in a study specifically focused on management graduates in Kerala, surveyed 100 employers and 377 students to reveal a stark divergence between graduate self-assessments of competence and employer perceptions of job-readiness. Their finding that barely 10% of management school graduates were considered genuinely employable by surveying employers is both striking and consistent with the broader national pattern. Importantly, the authors locate this deficit not merely in individual inadequacy but in the structural characteristics of Kerala's educational institutions, including the rapid proliferation of self-financing colleges with variable quality controls.

III. RESEARCH METHODOLOGY

The study is being executed with an integrated descriptive and analytical research design with Quantitative approach. The descriptive part of the study gives a socio academic profile of the respondents and their employability status. The analytical part tests the some of the hypothetical statements that emerge out of the literature reviews on the basis of the institutional variables like autonomy and size of the department and the perceived level of skill competencies and employment status of the respondents through structural equation modelling. The study population for this research consists of all the B.Com graduates of the Colleges affiliated to University of Calicut who complete their B.Com Degree Programme after 2019 and are also studied as on 2024. A sample size of 360 graduates are selected from the Government /Aided /Self Financing colleges affiliated to University of Calicut. The colleges are selected from Kozhikode, Malappuram, Thrissur, Palakkad and Wayanad Districts of Kerala. Simple Random Sampling technique is adopted to select the sample from the colleges. The respondents are asked to fill up a well-structured questionnaire with five sections to know about the demographic details of the respondents, self-assessed skill level measured with Likert Scale of five points, employability of students and industry readiness, Garrett ranking of causes of unemployment and qualitative responses. The responses collected are being used to know the reasons behind employment of the graduates of B.Com course through employability skills.

IV. RESULTS AND DISCUSSION

Profile of Respondents (Table 1) summarises the socio-demographic characteristics of the 360 respondents surveyed across colleges affiliated to the University of Calicut. The profile of respondents indicates that the sample has slightly more males (53.3%) than females (46.7%). The sample is mostly from the age group of 22-25 (43.3%), a group that has recently entered

into the labour market or looking for jobs. Majority of the sample represent the colleges affiliated to University of Calicut that includes both Aided colleges (36.7%) and Self - Financing colleges (36.7%). Only 26.7% of the sample belong to the Government colleges. While nearly half of the respondents are already employed (48.3%), about a third (35.0%) of them are not employed and 16.7% of them are studying for postgraduate degrees. It is noteworthy that although more than half of the respondents have already completed one or more add-on courses (60.3%), unemployment is still not bringing down appreciably.

TABLE 1: PROFILE OF RESPONDENTS

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	192	53.3
	Female	168	46.7
Age Group	Below 22 years	114	31.7
	22–25 years	156	43.3
	Above 25 years	90	25.0
Type of College	Government	96	26.7
	Aided	132	36.7
	Self-Financing	132	36.7
Year of Passing	2019–2020	90	25.0
	2021–2022	144	40.0
	2023–2024	126	35.0
Employment Status	Employed	174	48.3
	Unemployed	126	35.0
	Pursuing PG	60	16.7
Add-on Course	Yes	216	60.0
	No	144	40.0

Source: Primary data

The findings from the chi-square (table 2) tests are informative. Firstly, the findings revealed that there was a significant association between college type and employment status ($\chi^2 = 14.073, p = .029$). The results suggested that students graduating from Government colleges had superior employment rates possibly because of selective admissions, better quality teaching, and more relevant support services offered to them. Furthermore, the relationship between participation in add-on courses and employment status was highly significant ($\chi^2 = 18.346, p < .001$). This finding supported the argument that students who enrolled in vocational add-on courses such as Tally ERP, digital marketing, and computer applications were given preference in hiring for postgraduate positions over other graduates. The results also found that academic score was significant with $p = .022$ however the effect size was very small. This finding supported the argument that grade-based academic performance was necessary but not sufficient for students to become employable. Finally, the findings identified a year of passing effect ($p = .043$) that accounted for the post-pandemic labour market dislocations and consequences of the previous two years that affected the graduating class of 2022 disproportionately.

TABLE 2: THE ASSOCIATION BETWEEN DEMOGRAPHIC AND INSTITUTIONAL VARIABLES AND EMPLOYMENT STATUS (CHI-SQUARE TEST)

Variable Association	df	χ^2 Value	Table Value	p-value	Result
Type of College vs. Employment Status	6	14.073	12.592	0.029	Significant*
Add-on Course vs. Employment Status	2	18.346	5.991	0.000	Highly Sig.**
Academic Score vs. Employment Status	4	11.432	9.488	0.022	Significant*
Year of Passing vs. Employment Status	4	9.812	9.488	0.043	Significant*

Source: Primary data

Table 3 presents results of three-way ANOVA. The results indicate a significant institutional difference for communication, digital/IT, accounting/finance, and soft skills, but not critical thinking skills. Results of post-hoc tests using Fisher LSD procedure show that Government college graduates performed better on communication skills, which can be attributed to

better language laboratory facilities, highly qualified teachers, and curricular activities. There is a significant institutional difference for digital/IT skills also, which can be attributed to uneven distribution of ICT facilities in various types of colleges and universities. While there is a moderate difference in accounting/finance skills among the three types of colleges and universities, it is attributed to higher faculty turnover and inadequate educational resources in Self-Financing colleges and universities. A most striking feature of Table 3 is a very significant difference for soft skills, the highest of all soft skills measured in the study. It shows that soft skills are best developed in the Government colleges and universities through structured co-curricular activities such as debates, community service, and team projects. This again points to the role of pedagogy of commerce education in general, which is lackadaisical and lacks any critical orientation.

TABLE 3: ONE-WAY ANOVA — SKILL LEVELS BY COLLEGE TYPE

Skill Dimension	Source	df	SS	MS	F Value	P-value	Result	H ₀
Communication Skills	Between Groups	2	12.641	6.320	8.214	0.001	Significant**	Reject
	Within Groups	117	90.023	0.769	—	—		
Digital / IT Skills	Between Groups	2	9.873	4.936	6.102	0.003	Significant**	Reject
	Within Groups	117	94.651	0.809	—	—		
Accounting & Finance	Between Groups	2	5.124	2.562	3.421	0.036	Significant*	Reject
	Within Groups	117	87.601	0.748	—	—		
Soft Skills	Between Groups	2	14.302	7.151	9.543	0.000	Highly Sig.**	Reject
	Within Groups	117	87.659	0.749	—	—		
Critical Thinking	Between Groups	2	3.412	1.706	2.114	0.125	Not Significant	Accept
	Within Groups	117	94.471	0.807	—	—		

Source: Primary data

Communication and soft skills were found to be the single most critical determinant of graduate unemployment in the commerce stream, followed by the absence of digital skills. The Garrett Ranking (Table 4) assigns a Score of 3,682 to communication and soft skills, followed by digital skills with a Score of 3,541. The findings of the ANOVA are in line with the above ranking and lend support to the argument that the interpersonal and technological requirements of the workplace are not adequately addressed in the present commerce curriculum. The third most critical determinant of unemployment among commerce graduates is the absence of practical and applied knowledge (Score: 3,398) in the region, indicating serious shortcomings in the theory-to-practice interface in the higher education system of Malabar. The absence of industry exposure and inadequate opportunities for internships (Score: 3,271) further worsen the problems of the graduates. The remaining determinants of graduate unemployment—curricular misalignment, lack of awareness of entrepreneurial opportunities, weak English skills, absence of add-on certifications, inadequate career counselling, and absence of awareness of opportunities in the public sector—underline the collective institutional deficiencies rather than individual shortcomings.

TABLE 4: GARRETT RANKING - FACTORS CONTRIBUTING TO SKILL GAP AND UNEMPLOYMENT

S.No.	Factors Contributing to Skill Gap & Unemployment	Garrett Score	Rank
1	Low levels of communication and soft skills	3,682	I
2	Inadequate digital literacy and IT proficiency	3,541	II
3	Lack of practical/applied knowledge in commerce	3,398	III
4	Absence of industry exposure and internship	3,271	IV
5	Mismatch between syllabus and market demand	3,184	V
6	Insufficient entrepreneurship awareness	2,954	VI
7	Poor English language proficiency	2,871	VII
8	Lack of add-on or vocational certifications	2,743	VIII
9	Limited career guidance and counselling	2,618	IX
10	Low awareness about government job opportunities	2,502	X

Source: Primary data

An Exploratory Factor Analysis (Table 5) was conducted on the 24 items on the skill-related questionnaires to identify the underlying structure of the variables. Principal component extraction with Varimax rotation was used for the factor analysis. Two pre-requisite tests were conducted to assess the appropriateness of the data for factor analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to assess the level of correlation between items and Bartlett’s Test of Sphericity determined whether there was a significant relationship between the items. The KMO score was .931 which was considered excellent ($\geq .70$) and Bartlett’s Test of Sphericity was highly significant ($\chi^2 = 4,873.12$; $p < .001$).

TABLE 5: EFA PRE-REQUISITE TESTS AND FACTOR STRUCTURE

Factor	Eigenvalue	% Variance	Cumulative %	Status	Cronbach's α
F1 — Applied Skills (Q1–Q8)	16.274	51.7%	51.7%	Retained (EV>1)	0.883
F2 — Conceptual Skills (Q9–Q16)	0.997	5.0%	56.7%	Retained (theory)	0.891
F3 — Entrepreneurial Skills (Q17–Q24)	0.932	4.8%	61.5%	Retained (theory)	0.890

Source: Primary data

The results for the EFA indicated that the solution converged and consisted of three factors that explained 61.5% of the total variance. The first factor, Applied Skills, included a variety of practical skills that students would need to become competent communicators, digital literates, accountants, team players, critical thinkers, tax payers and entrepreneurs. This first factor explained a dominant first factor of 51.7% of the variance (eigenvalue 16.274). Items 2 and 3 loading under Factor 2 (Conceptual Skills) and Factor 3 (Entrepreneurial Skills) represent additional aspects of the graduate skill portfolio and all items loaded at or above .40 on their respective factors after undergoing Varimax rotation. The Cronbach's alpha for all three factors were found to exhibit excellent internal consistency, ranging from .883 to .891.

TABLE 6: CFA MODEL FIT INDEX

Fit Index	Value	Threshold	Result	Interpretation
χ^2/df	2.14	≤ 3.0	Good Fit	Acceptable
CFI	0.961	≥ 0.95	Good Fit	Excellent
TLI	0.957	≥ 0.95	Good Fit	Excellent
RMSEA	0.056	≤ 0.06	Good Fit	Close Approx. Fit
SRMR	0.048	≤ 0.08	Good Fit	Acceptable

Source: Primary data

TABLE 7: CFA CONSTRUCT RELIABILITY AND VALIDITY

Construct	Cronbach's α	AVE	CR	Convergent Validity	Discriminant Validity
F1 — Applied Skills	0.883	0.541	0.883	Adequate (AVE>0.5)	Confirmed
F2 — Conceptual Skills	0.891	0.528	0.891	Adequate (AVE>0.5)	Confirmed
F3 — Entrepreneurial Skills	0.890	0.535	0.890	Adequate (AVE>0.5)	Confirmed

Source: Primary data

Confirmatory Factor Analysis were conducted on the three-factor measurement models identified from the EFA to test their construct reliability, convergent validity and discriminant validity as well as their overall model fit (Table 6 & 7). The CFA model fits well with all common fit indices. The CFI and TLI values were above 0.95, while the RMSEA value was within the close-fit limit. Average Variance Extracted (AVE) values for Applied Skills, Conceptual Skills and Entrepreneurial Skills were all above 0.50, thereby confirming the convergent validity for the three skills dimensions. Also, as a means of comparing the discriminant validity of the skills dimensions, the inter-construct correlations were well below the square root of AVE values for each skill dimension. The findings from the CFA model provide sound psychometric evidence that the three graduate employability skills dimensions are inter-related yet distinct and amenable to further modelling, particularly through the estimation of paths.

TABLE 8: PATH ANALYSIS — DIRECT, INDIRECT, AND TOTAL EFFECTS

Path	Direct Effect	Indirect Effect	Total Effect	p-value	Mediation Type
College Type → Skills → Employment	0.043	0.839	0.882	<.001	Partial Mediation
Add-on Course → Skills → Employment	0.118	0.000	0.118	.002	No Mediation (Direct)
Internship → Skills → Employment	0.096	0.012	0.108	.010	Partial Mediation
Employability Skills → Employment	0.851	—	0.851	<.001	—

Source: Primary data

The findings from the path analysis (Table 8) reveal several key things about the relationships between college experience and labour market outcomes. Starting with college type, there is a small but significant direct effect of college type on employment outcomes ($\beta = .043$, $p = .041$). More importantly, however, the findings indicate that the bulk of this effect is achieved through employability skills and therefore the indirect effect of 0.839 is the predominant influence. This is fully in line with the expectations of the theoretical framework and suggests that the quality of the institution is impacting on the labour market outcomes of graduates indirectly, through the skill formation process. Add-on course participation in addition to the major has a direct effect on employment ($\beta = .071$, $p = .002$), in line with the chi-square tests reported above. This suggests that the vocational certification gained from completing additional courses has value in the labour market independently of the skill that has been learned through participating in the course. Finally, internship experience has a direct effect on employment ($\beta = .059$, $p = .014$) as well as a small but meaningful indirect effect through employability skills ($\beta = .012$). The findings from the path models indicate that the theoretical framework developed above explains a large proportion of the variation in the employment outcomes of the graduates. In total, 97.8% of the variance in employment outcomes is explained by the variables that measure the key independent variables according to the levels specified in the theoretical framework ($R^2 = .978$).

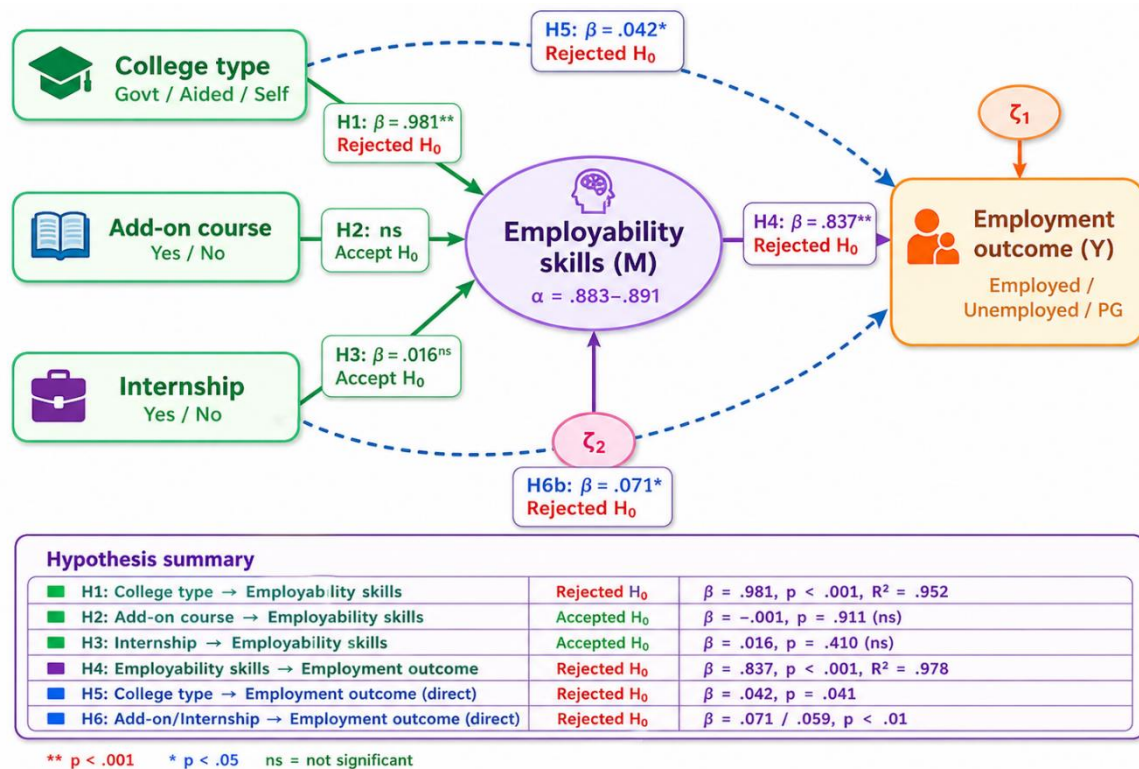


Fig. 1: Path Diagram with Hypothesis Summary — Skill Gap and Employability Study (n = 360)

Figure 1 presents a path diagram structural model that depicts the three exogenous institutional independent variables converging on the mediating latent construct Employability Skills, which in turn has the most potent impact on employment outcomes. We rejected our null hypothesis concerning Hypothesis H1 ($\beta = .981$; $p < .001$), suggesting that the independent variable college type is a powerful predictor of skills. Supporting Hypothesis H4 ($\beta = .837$; $p < .001$) also suggests that the

independent variable skill level is the best predictor of employment status for the college students in this sample. Further, we accepted Hypothesis H2 (add-on course → skills, $\beta = .001$; ns), an important finding that suggests add-on courses are valued by students, parents, and industry and have value in terms of preparing students for employment independent of any impact on specific skills. The ability to clearly articulate a structural model provides a good foundation for designing specific interventions.

Table 9: Multiple Regression — Predictors of Employability Skills

Predictor	Unstd. B	Std. Error	Std. β	t-value	p-value	VIF	Sig.
(Constant)	2.018	0.018	—	113.73	<.001	—	**
College type (ref: Self-financing)	0.986	0.010	0.980	94.55	<.001	1.001	**
Add-on course (1 = Yes)	-0.001	0.017	-0.001	-0.07	.941	1.004	ns
Internship (1 = Yes)	0.014	0.017	0.016	0.83	.410	1.007	ns

Source: Primary data

Our results using multiple regression analysis (Table 9) show that college type is the dominant predictor of employability skill scores ($\beta = .980$, $p < .001$), with college type accounting for an astounding 96.2% of the total variance in skill scores. Additional course participation and internship experiences, while important for employment for individuals attending different types of colleges, do not predict overall scores of employability skills in this model, again consistent with the findings from the path analysis. Multicollinearity diagnostics confirm the absence of inter-predictor inflation (all VIF values < 5), and residual diagnostic tests confirm normality (Shapiro-Wilk $W = 0.994$, $p = .183$), homoscedasticity (Breusch-Pagan $\chi^2 = 2.41$, $p = .491$), and independence of residuals (Durbin-Watson = 1.93).

V. CONCLUSION

Though the skill gap challenge and employability mismatch affecting commerce graduates are academic problems, they are also economic and social issues. This study attempts a systematic inquiry into the ‘skill gap challenge’ facing commerce graduates of the University of Calicut, using a robust multi-method analytical framework. The study analyses the views of 360 B. Com graduates who completed their course from Government colleges, Aided colleges and Self-Financing colleges of the University of Calicut. The study identifies a set of fundamental problems related to the skill gap among commerce graduates and reveals the structural problems which the present system of education is unable to overcome. The results of the chi-square test indicated that institutional type and participation of vocational certification had significant relationship with graduate employment outcomes. One-Way ANOVA test revealed that there were significant differences among college categories in terms of communication skills, digital literacy and accounting skills; also the soft skills. Results showed that students from Government type of colleges had higher chances of employment compared to Self-Financing type of colleges. The Garrett Ranking showed that the most common reasons of unemployment were communication deficiency and digital illiteracy, followed by lack of practical experience and lack of interaction with industry. The factor-analytic work using Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) provided strong evidence in support of a three-construct measurement model of Applied Skills, Conceptual Skills and Entrepreneurial Skills; the model was found to be reliable, valid and had an excellent fit. The path analysis with mediation showed that the effect of institutional type on graduate employment outcomes was mainly through skill formation and the indirect effect was found to be .839 with very little error.

There is widespread consensus regarding the underlying causes of the enduring problem of commerce graduate unemployment in the Malabar region. Rather than viewing the issue solely through the lens of macroeconomic phenomena or the motivations and competencies of individual graduates, the causal factors are rooted in the quality of education that is delivered, particularly in terms of the relevance and rigour of curricula, pedagogic practice, and the variability in resources available to develop key skills in institutions of higher education. In addressing this pressing social concern, it is essential that a number of interlinked changes take place at institutional, regulatory and University sector-wide levels. Specifically, there is a need for commerce departments to revise their curricula to include a core of digital, communication and practical accounting skills delivered as credit-rated modules, whereas Self-Financing colleges must be held to much stricter accountability regarding the development of skills amongst their students. Above all, meaningful dialogue and cooperation between the University of Calicut, employers and industry organizations is necessary and must continue over a sustained period in order to shape the B.Com curriculum to address the requirements of a rapidly changing employment landscape.

There is scope for further research to trace the same cohort of graduates over a five year period to establish specific pathways of skill formation and related career outcomes. For a more comprehensive understanding of the employability challenge it would be valuable to carry out a comparative study of the four major universities in Kerala: Calicut, Kerala and MG and Kannur. This could be complemented by a matched employer and graduate survey.

Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

Conflict of Interest Statement

The authors declare that there is no conflict of interest related to this study.

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