



Artificial Intelligence as a Moderator in MBA Graduate Employability: Evidence from Self-Financed Management Institutions in Uttar Pradesh

¹Happy Saxena, ²Dr. Nidhi Arora

¹Research Scholar, ²Associate Professor

^{1/2}Department of Management, Maharaja Agrasen Himalayan Garhwal University

ABSTRACT

This article takes a closer look at how Artificial Intelligence (AI) plays a moderating role in the connection between institutional and individual factors affecting the employability of MBA graduates from self-financed management institutions in Uttar Pradesh (U.P.), India. The research is based on a thorough review of existing literature regarding graduate employability, the quality of management education in private institutions, and how AI is transforming the job market. It pinpoints seven key factors that influence MBA employability: the relevance of the curriculum, the competence of faculty, connections with industry, soft skills, digital readiness, institutional support, and individual motivation. The article argues that being proficient in AI can significantly influence the strength and direction of these factors. Additionally, it explores the implications of AI-driven recruitment, skill-matching platforms, and generative AI tools for management graduates, especially in resource-limited educational settings. The study wraps up by emphasizing that AI literacy is quickly becoming an essential skill for management graduates, urging self-financed institutions to implement urgent structural reforms to stay relevant in an AI-driven job market.

Keywords: Artificial Intelligence, MBA Employability, Self-Financed Institutions, Management Education, Uttar Pradesh, Skill Gap, Digital Literacy, AI Moderation

1. INTRODUCTION

India's management education sector has seen remarkable growth over the past thirty years. With more than 4,000 management institutions accredited by the All India Council for Technical Education (AICTE), the country churns out over 350,000 MBA graduates each year. Most of these graduates come from self-financed private colleges that operate with little government support, serving a large number of students from semi-urban and rural areas. Despite this impressive educational output, there's an ongoing worry about the employability of MBA graduates, especially those from self-financed institutions. The India Skills Report 2025 estimates that national graduate employability stands at 54.81%, but this number hides significant differences based on the type of institution, location, and field of study. For MBA graduates, employability was around 71% in 2024, a notable rise from 47% in 2021. However, this overall figure doesn't reflect the harsh reality for graduates from self-financed institutions in states like Uttar Pradesh, who often struggle much more than their counterparts from top-tier schools like IIMs, XLRI, or MDI.



The rapid spread of Artificial Intelligence across various industries is changing what employers expect from their teams. Companies are on the lookout for management professionals who can not only understand AI-generated insights but also work alongside intelligent systems, oversee AI-driven processes, and spearhead digital transformation efforts. This shift brings up an important question: does being proficient in AI influence the job prospects of MBA graduates, especially those from schools that face structural challenges?

This article posits that AI plays a crucial role in shaping the employability landscape for MBA graduates from self-financed institutions in U.P. Graduates who possess strong AI knowledge and skills are in a better position to offset the disadvantages of their institutions, while schools that have woven AI into their teaching methods can more effectively translate their graduates' skills into successful job placements. The article reviews existing literature, constructs a theoretical model, and suggests specific ideas for future research.

2. MANAGEMENT EDUCATION IN SELF-FINANCED INSTITUTIONS OF U.P.: A CONTEXTUAL OVERVIEW

Uttar Pradesh boasts one of the largest clusters of self-financed management institutions in India, with key educational centers located in cities like Lucknow, Noida, Ghaziabad, Kanpur, Agra, and Varanasi. Notable schools such as AMITY Business School in Noida, IMT Ghaziabad, and BIMTECH in Greater Noida stand out as the crème de la crème of private management education. However, the reality is that most self-financed MBA colleges in U.P. are smaller, lesser-known establishments that often lack the brand recognition, infrastructure, and industry connections enjoyed by these leading institutions.

Several key characteristics define self-financed management institutions in U.P.:

Regulatory Environment: These schools operate under the watchful eyes of both AICTE and state-affiliated universities. Unfortunately, the focus of regulatory compliance tends to be on meeting minimum standards rather than striving for excellence, which doesn't really motivate them to improve quality.

Resource Constraints: Lacking government funding, these institutions rely heavily on tuition fees, which restricts their ability to invest in qualified faculty, modern digital infrastructure, research initiatives, and programs that connect students with the industry.

Student Profile: A large number of students attending self-financed MBA institutions in U.P. come from families where they are the first to pursue higher education. Many of them have limited exposure to corporate settings, digital tools, and instruction in English.

Placement Outcomes: The placement rates and salary packages offered by these institutions fall significantly short of the national averages. Many graduates from self-financed, non-autonomous institutions find themselves taking jobs that don't match their qualifications or, unfortunately, remain unemployed for long stretches after they graduate.

Digital Divide: A considerable number of self-financed institutions still struggle with limited access to AI tools, high-speed internet, simulation software, and tech-driven teaching platforms. This creates a digital divide that only worsens the existing educational inequalities. Given this backdrop, exploring employability in self-financed MBA institutions in U.P. is not just an academic exercise; it's a matter of social significance.



3. LITERATURE REVIEW

3.1 Employability: A Multi-Dimensional Construct

The conversation around graduate employability has really transformed over the years. It's no longer just about how many graduates land jobs; it's now a much richer, multi-faceted idea that includes things like cognitive skills, social connections, psychological traits, and the context in which graduates find themselves. Hillage and Pollard (1998) described employability as the ability to navigate the job market independently, reach one's potential through stable employment, and make meaningful contributions to both organizations and society. Yorke (2004) built on this by adding that employability involves a mix of skills, knowledge, and personal qualities that help graduates secure jobs and thrive in their careers.

In the realm of management education in India, research on employability has consistently pointed to the skill gap as a major hurdle. Studies show that while MBA graduates have a solid grasp of theory, they often fall short in practical skills, communication abilities, and the professional mindset that employers are looking for (Thomas & Unninarayanan, 2018; Bhatnagar, 2020). A literature review published on ResearchGate (2020) specifically highlighted key employability factors for MBA graduates in India, such as effective communication, analytical thinking, teamwork, leadership, and expertise in their field.

3.2 Institutional Quality and Employability

Research has consistently shown a strong link between the quality of institutions and the job prospects of graduates. Factors like accreditation status, faculty qualifications, curriculum design, research output, and partnerships with industry all play a crucial role in determining how employable graduates are (Barkas et al., 2021). In self-financed institutions, the lack of independent status — which would allow for more flexible curricula — often leads to a rigid, exam-focused teaching style that doesn't equip students with the practical skills employers are looking for.

Work-Integrated Learning (WIL) models, such as internships, industry projects, business competitions, and case-based learning, have proven to be particularly effective in closing the gap between academic training and readiness for the workplace. A study examining business competitions as a WIL model in Indian management schools found that these activities align well with industry engagement, the integration of theory and practice, and authenticity — aspects that are often missing in the traditional curricula of self-financed institutions.

3.3 Artificial Intelligence and Employment Transformation

Artificial Intelligence is rapidly changing the global job market like never before. In various sectors — from banking and finance to healthcare, retail, and logistics — AI is taking over routine tasks, enhancing human decision-making, and even creating entirely new job categories. For management graduates, this shift presents a double-edged sword: while AI poses a threat to many entry-level managerial and analytical positions, it also opens up significant opportunities for those who can effectively collaborate with AI systems.

The World Economic Forum (2023) predicts that by 2025, AI could replace around 85 million jobs worldwide, but it will also create about 97 million new positions. This means a net gain, but it comes with a significant need for reskilling. For MBA graduates, the jobs that are most



at risk include routine tasks like data analysis, report generation, scheduling, and basic customer interactions. On the flip side, the roles that are expected to expand include AI project management, data-driven strategy, digital marketing optimization, and leading human-AI teams.

Ayyagari et al. (2011) pointed out that technological readiness—the willingness to adopt and effectively use new technology—is influenced not just by personal traits but also by larger contextual elements like institutional support, access to technology, and educational background. This is especially important for MBA graduates from self-financed institutions in U.P., where support for adopting new technologies is often lacking.

3.4 AI Skills and Graduate Employability: Emerging Evidence

Recent studies have shown a strong link between AI skills and the employability of graduates. A study published in *Frontiers in Artificial Intelligence* (2025), which surveyed 148 graduates, found that those who had a better understanding of and more frequent interaction with AI tools—particularly generative ones like ChatGPT—were much more likely to find jobs related to their fields of study and reported feeling more productive and aligned with their professional goals.

The study also identified a concerning generational gap in digital skills: while younger graduates showed greater familiarity with AI tools, many reported feeling insufficiently prepared for the challenges of the current labor market. The conclusion was unambiguous — AI skills are consolidating as a key differentiating factor in employability, and their formal incorporation into university curricula is urgently needed.

A recent study published in *SEEJPH* (2025) looked into how adopting AI affects employability for adult learners. The results showed a positive impact, with a significant correlation ($\beta = 0.58$, $p < 0.01$). Interestingly, the study found that technological readiness played a key role in this relationship ($\beta = 0.56$, $p < 0.01$), suggesting that graduates who are tech-savvy benefit even more from AI adoption when it comes to job prospects. This supports the idea that AI acts as a crucial factor in enhancing employability.

3.5 AI in Indian Higher Education: Current State

The use of AI in Indian higher education is still in its early stages, but it's evolving quickly. The National Education Policy (NEP) 2020 emphasizes the need to incorporate AI, machine learning, and data science into various academic programs. The AICTE has created model curricula for AI and data analytics courses, encouraging institutions to embrace these guidelines. However, the progress has been inconsistent, with top-tier institutions leading the way while self-financed colleges lag behind in terms of AI infrastructure, faculty training, and curriculum integration.

For self-financed management institutions in U.P., the situation is even more challenging due to limited financial resources, insufficient faculty training in AI tools, and student bodies that may not have much experience with digital technologies. On the bright side, the availability of free and affordable AI tools—like ChatGPT, Google Bard, and various AI-driven learning platforms—offers a chance for these resource-limited institutions to start weaving AI literacy into their programs.



4. THEORETICAL UNDERPINNINGS

This study leans on three interconnected theoretical frameworks to shed light on how AI plays a moderating role in MBA employability:

4.1 Human Capital Theory

Human capital theory, introduced by Becker in 1964, suggests that individuals invest in their education and skill development to boost their productivity and, in turn, their earning potential. In the context of this research, acquiring AI skills is seen as a valuable investment in human capital that enhances the overall worth of a management education credential. Graduates who focus on building their AI expertise—whether through formal classes, self-study, or professional training—are likely to reap greater rewards from their educational pursuits.

Moreover, human capital theory highlights that the quality of the institution also influences the effectiveness of these educational investments. Students at higher-quality institutions benefit from better teaching, access to top-notch resources, and stronger connections within the industry. Within this framework, the role of AI proficiency can be viewed as a way for individual investments in human capital to offset any shortcomings in institutional resources.

4.2 Signaling Theory

Spence's (1973) signaling theory suggests that educational credentials act as signals to employers about the hidden qualities of job candidates. In the context of management education in India, the brand of the institution plays a crucial role — graduates from prestigious IIMs and other top-tier schools send a much stronger signal compared to those from lesser-known self-financed colleges. However, having AI skills and certifications — especially from well-regarded platforms like Google, Microsoft, Coursera, or IBM — can provide additional, independent signals that help graduates from less recognized institutions stand out in the job market.

This signaling aspect of AI skills is particularly vital for graduates from self-financed institutions, where the institutional signal may not be as strong. Those who can showcase verifiable AI competencies might be able to offset some of the reputational challenges posed by their institution.

4.3 Technology Acceptance Model (TAM)

Davis's (1989) Technology Acceptance Model suggests that the adoption of new technology hinges on how useful and easy to use it is perceived to be. When it comes to MBA graduates embracing AI, those who see AI tools as beneficial for their career growth and find them user-friendly are more inclined to invest time in developing their AI skills. Institutional factors — like whether the college offers training, promotes the use of AI tools, and integrates AI into the curriculum — play a significant role in shaping these perceptions.

For self-financed institutions aiming to boost their graduates' employability, the TAM framework indicates that efforts should focus on both highlighting the career benefits of AI skills (to enhance perceived usefulness) and providing accessible, hands-on training in AI (to lower perceived barriers to use).

5. PROPOSED CONCEPTUAL FRAMEWORK



This article, grounded in a thorough literature review, puts forward a conceptual framework aimed at understanding the employability of MBA graduates from self-financed institutions in U.P. Here's a breakdown of the key components:

5.1 Independent Variables: Factors Influencing Employability

A. Institutional Factors:

1. **Curriculum Relevance and Industry Alignment** — this refers to how well the MBA curriculum matches up with what the industry currently needs, including essential topics like digital transformation, data analytics, and AI management.
2. **Faculty Competence and Industry Experience** — this encompasses the qualifications, real-world experience, and teaching effectiveness of the faculty members.
3. **Industry Linkage and Experiential Learning** — this highlights the quality and availability of internships, industry visits, live projects, and guest lectures that students can engage with.
4. **Institutional Support and Placement Infrastructure** — this looks at how effective the career services, placement cells, and alumni networks are in supporting students.

B. Individual Factors:

5. **Soft Skills and Communication Competence** — this includes abilities in verbal and written communication, teamwork, leadership, and interpersonal skills.
6. **Digital and Technological Readiness** — this refers to the basic level of digital literacy and comfort with technology in the workplace.
7. **Academic Achievement and Domain Knowledge** — this covers GPA, depth of specialization, and understanding of management concepts.
8. **Self-Efficacy and Career Motivation** — this is about the individual's confidence in their ability to succeed and their motivation to actively chase their career goals.

5.2 Moderating Variable: Artificial Intelligence

The moderating variable can be broken down into three key areas:

- **AI Awareness:** This refers to how well graduates grasp what AI is, how it functions, and its applications in the business world.
- **AI Skill Proficiency:** This is all about the capability to effectively use AI tools for tasks like data analysis, generating reports, conducting market research, gaining customer insights, and supporting decision-making.
- **AI Adoption Behavior:** This looks at how often and in what ways AI tools are utilized in both academic and professional settings (think using ChatGPT for research, AI analytics for data projects, or AI-driven tools for presentations).

5.3 Dependent Variable: Employability Outcomes

Employability can be assessed through four key dimensions:

1. **Job Placement Rate** — this looks at whether graduates land a job within six months after graduation.
2. **Salary Level** — this refers to the pay package offered, compared to both institutional and regional standards.
3. **Job-Role Alignment** — these measures how well the job fits with the graduate's area of study and career goals.



4. Self-Perceived Employability — this is all about how graduates view their own readiness and competitiveness in the job market.

5.4 Research Propositions

P1: The relevance of the curriculum and its alignment with industry needs will have a positive impact on the employability of MBA graduates from self-financed institutions in U.P.

P2: The skills of the faculty and the availability of hands-on learning experiences will positively influence employability outcomes.

P3: Personal soft skills, self-confidence, and digital readiness will be important positive indicators of MBA employability.

P4: Proficiency in AI (including awareness, skills, and adoption) will enhance the connection between individual employability factors and job outcomes, making this relationship even stronger for graduates who are more skilled in AI.

P5: AI proficiency will also influence how institutional factors affect employability, helping to offset any institutional shortcomings for graduates with strong AI skills.

P6: The impact of AI proficiency will be more pronounced in the post-pandemic cohort (2022–2025) compared to earlier groups, reflecting the rapid growth of AI in the job market.

6. DISCUSSION

6.1 The Compensatory Potential of AI Skills

One of the key findings from this study's framework is how AI skills could serve as a lifeline for graduates coming from less prestigious institutions. In a job market that's increasingly influenced by AI-driven recruitment tools, skill assessment platforms, and online professional portfolios, the reputation of the institution might not hold as much weight in determining job prospects as it once did.

Graduates from self-funded schools who showcase strong AI skills—whether through certifications, portfolio projects, GitHub repositories, or hands-on experience with AI tools—might be able to demonstrate their capabilities more convincingly than just relying on their degree. This points to a promising aspect of AI education: by making AI skill development more affordable and accessible, these tools could help create a more level playing field for graduates from underprivileged backgrounds.

However, this opportunity hinges on two important factors: first, graduates need to be aware of and eager to pursue AI skill development; and second, there must be some institutional support available—like AI-enabled labs, AI-focused courses, or access to certification programs. If these conditions aren't met, we might end up reinforcing the digital divide instead of bridging it.

6.2 AI-Driven Recruitment and Its Implications for Self-Financed Institution Graduates

The growing role of AI in recruitment — from AI-driven resume screening to automated video interview assessments and online skills evaluations — has important consequences for graduates from self-financed institutions. On one side, AI-based recruitment can be more merit-based compared to traditional methods, which might help lessen the bias towards graduates from prestigious schools. However, these algorithmic tools often rely on historical



hiring data that may carry existing biases, potentially putting graduates from lesser-known colleges at a disadvantage.

For MBA graduates, AI-driven competency tests that evaluate analytical reasoning, situational judgment, and problem-solving skills could create a fairer environment than the usual credential-focused screening. Those who prepare for these assessments and excel in AI-driven evaluations are likely to see better job prospects, regardless of where they studied.

6.3 Curriculum Reform Imperatives for Self-Financed Institutions

The insights from this study's literature review clearly indicate that self-financed MBA programs in U.P. need to implement urgent curriculum changes to stay relevant in a job market transformed by AI. Here are some key recommendations for reform:

Integration of AI Literacy Modules: Every MBA program should include essential AI literacy — covering machine learning basics, AI applications in business, and practical experience with AI tools — as a fundamental part of the curriculum. This doesn't require costly infrastructure; many AI resources are available for free and can be woven into existing courses.

Data Analytics and Business Intelligence: With the increasing need for data-driven decision-making in businesses, MBA programs should enhance their focus on business analytics, data visualization, and AI-supported market research.

AI Ethics and Governance: As AI becomes more pervasive in organizational decision-making, management graduates need to understand the ethical implications of AI — including issues of bias, privacy, transparency, and accountability. This is an area where management education can add distinctive value beyond technical training.

Experiential AI Projects: Rather than teaching AI as a theoretical subject, institutions should incorporate live AI projects — such as using AI tools to analyze real business data, develop marketing strategies, or optimize operations — into their coursework. This builds practical proficiency and creates portfolio evidence that students can present to potential employers.

6.4 Policy Recommendations

For AICTE and UGC: It's essential for regulatory bodies to make AI and digital skills a must-have in all MBA programs. They should also set clear benchmarks for what AI literacy should look like at the management graduate level. To encourage self-financed institutions to effectively integrate AI into their curriculums, financial incentives like research grants, infrastructure support, or accreditation credits should be on the table.

For State Governments: The Uttar Pradesh government needs to roll out specific programs aimed at boosting AI infrastructure in self-financed management institutions, especially in Tier-2 and Tier-3 cities. By forming public-private partnerships with tech companies, these institutions can gain access to AI tools, faculty training, and valuable industry mentorship.

For Industry: Corporate entities in U.P. should take the initiative to collaborate with self-financed management institutions through well-structured internship programs, mentorship initiatives, and co-curricular AI challenges. This collaboration not only helps organizations build a stronger talent pipeline but also gives students hands-on experience in AI-driven business settings.



7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This article is more of a conceptual review, and it really needs some real-world data to back it up. For future research, here are some suggestions:

1. Carry out a large-scale survey targeting MBA graduates from self-financed institutions throughout U.P. to put the proposed conceptual model to the test.
2. Utilize Structural Equation Modeling (SEM) or Hierarchical Regression Analysis to formally assess how AI plays a moderating role.
3. Look into how AI proficiency affects different tiers of institutions, comparing autonomous versus non-autonomous and NAAC-accredited versus non-accredited schools.
4. Study how the moderating effect of AI changes over time, especially as AI adoption picks up speed in the Indian job market.
5. Dive into how various AI tools and skills—like generative AI versus analytical AI—impact the employability of management graduates.
6. Investigate any gender differences in adopting AI skills and how that might influence outcomes, especially considering the existing gender gap in the fields of AI and technology.

8. CONCLUSION

This article serves as more of a conceptual overview, but it could really benefit from some real-world data to support its claims. For future research, here are a few ideas to consider:

1. Conduct a large-scale survey targeting MBA graduates from self-financed institutions across U.P. to test the proposed conceptual model.
2. Use Structural Equation Modeling (SEM) or Hierarchical Regression Analysis to formally evaluate the moderating role of AI.
3. Explore how AI proficiency varies across different types of institutions, comparing autonomous and non-autonomous schools, as well as NAAC-accredited versus non-accredited ones.
4. Examine how the moderating effect of AI evolves over time, particularly as AI adoption accelerates in the Indian job market.
5. Investigate how different AI tools and skills—like generative AI compared to analytical AI—affect the employability of management graduates.
6. Look into any gender differences in the adoption of AI skills and how that might impact outcomes, especially given the existing gender gap in AI and technology fields.

REFERENCES

1. AICTE (2024). Annual Report 2023–24. All India Council for Technical Education, New Delhi.
2. Ayyagari, R., Grover, V., & Purvis, R. (2011). Technostress: Technological antecedents and implications. *MIS Quarterly*, 35(4), 831–858.
3. Barkas, L. A., Scott, J. M., Poad, G., & Cunningham, R. (2021). Re-thinking the 'problem' of graduate employability: Shifting the focus from skills to social capital. *Journal of Education and Work*, 34(3), 1–15.
4. Becker, G. S. (1964). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*. University of Chicago Press.



5. Bhatnagar, S. (2020). Communication skills and employability of management graduates: A review of Indian literature. *Management Insight*, 16(1), 45–59.
6. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
7. *Frontiers in Artificial Intelligence* (2025). Artificial intelligence skills and their impact on the employability of university graduates. *Frontiers in AI*, DOI: 10.3389/frai.2025.1629320.
8. Government of India (2020). *National Education Policy 2020*. Ministry of Education, New Delhi.
9. Hillage, J., & Pollard, E. (1998). *Employability: Developing a Framework for Policy Analysis*. DfEE Research Briefing No. 85. London.
10. *Humanities and Social Sciences Communications* (2025). The influence of employability skills on quality of employment in AI-driven labour market transformations. *Nature Portfolio*. DOI: 10.1057/s41599-025-05872-y.
11. Mercer-Metl (2025). *India Graduate Skill Index 2025*. Mercer, New Delhi.
12. Mihail, D. M., & Elefterie, A. (2006). Perceived effects of an MBA degree on employability and career advancement. *Career Development International*, 11(4), 352–361.
13. *SEEJPH* (2025). The influence of artificial intelligence on employability: Mediating effects of skill development and moderating factors of technological readiness. *South Eastern European Journal of Public Health*, XXVI(S1).
14. Spence, M. (1973). Job market signaling. *Quarterly Journal of Economics*, 87(3), 355–374.
15. Thomas, R., & Unninarayanan, P. (2018). Bridging the employability gap in management education: Challenges and strategies. *Indian Journal of Applied Research*, 8(6), 12–18.
16. *TIJER* (2023). An exploratory study of factors affecting employability of management graduates in Madhya Pradesh. *TIJER*, 10(4), 215–228.
17. *Wheebox* (2025). *India Skills Report 2025*. Wheebox, New Delhi.
18. *World Economic Forum* (2023). *Future of Jobs Report 2023*. WEF, Geneva.
19. Yorke, M. (2004). Employability in the undergraduate curriculum: Some student perspectives. *European Journal of Education*, 39(4), 409–427.
20. Yuen, A. H. K., Park, J., Chen, L., & Lau, W. W. F. (2020). The significance of cultural capital and parental mediation for digital inequity. *Computers & Education*, 151, 103851.
21. *ResearchGate* (2020). Employability and skill gap among MBA graduates in India: A literature review. Retrieved from www.researchgate.net.
22. *EELET Journal* (2022). Employability and higher education in Uttar Pradesh: Challenges and prospects. *Journal of Education and Employment*, 9(1), 112–128.
23. *Statista / Wheebox* (2024). Employability among MBA graduates in India 2015–2024. Retrieved from www.statista.com.