

STOCKHOLM SCHOOL OF ECONOMICS

1351 Master's thesis in Business Management

Academic year 2024 - 2025

Beyond the Degree

A Qualitative Study on the Skills Gap Between Graduates and Employer Expectations in the Transition from Academia to the Workforce.

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Abstract: This study explores the skills and competencies that alumni from a prominent Swedish business institution possess upon graduation and assesses how these align with employers' expectations of recent graduates. Through a qualitative research design, the study investigates the evolving demands of the professional landscape, addressing gaps in existing literature, particularly with the shifting nature of the graduate skills gap. Interviews were conducted with recent alumni and employers associated with the institution to compare their experiences of academic preparation and workplace expectations. The findings reveal a shift away from the commonly discussed deficiency in soft skills, with graduates demonstrating a strong development in these areas. However, a more significant gap is identified in hard skills, particularly in technical proficiency, including the use of industry-relevant software tools and industry-specific knowledge. The study highlights these technological limitations and emphasizes the need to continuously develop practical, job-specific skills as critical challenges in the transition from academia to the workforce. Furthermore, the research underscores the value of extracurricular activities, an area often underexplored in prior research, particularly from the alumni perspective. Both employers and alumni regarded these experiences as vital for workplace readiness, emphasizing the need for practical experience alongside academic knowledge. The study calls for graduates to possess a balanced skill set and for educational institutions to adapt their curricula to better align with the evolving demands of the labour market.

Keywords: Skills Gap, Employability, Employer Expectations, Graduate Skills, Hard Skills, Soft Skills, Human Capital Theory, Extracurricular Activities

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The findings reveal a shift away from the commonly discussed deficiency in soft skills, with graduates demonstrating a strong development in these areas. However, a more significant gap is identified in hard skills, particularly in technical proficiency, including the use of industry-relevant software tools and industry-specific knowledge. The study highlights these technological limitations and emphasizes the need to continuously develop practical, job-specific skills as critical challenges in the transition from academia to the workforce.

Furthermore, the research underscores the value of extracurricular activities, an area often underexplored in prior research, particularly from the alumni perspective. Both employers and alumni regarded these experiences as vital for workplace readiness, emphasizing the need for practical experience alongside academic knowledge. The study calls for graduates to possess a balanced skill set and for educational institutions to adapt their curricula to better align with the evolving demands of the labour market.

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Acknowledgements

We would like to sincerely thank all the interview participants for generously sharing their time and experiences. Your contributions were essential and deeply appreciated, playing a vital role in the development of this thesis.

We are especially grateful to our supervisor, Ruilin Huang, for his consistent support, thoughtful guidance, and encouragement throughout the thesis process.

Finally, we appreciate the support of our friends and family during this time.

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1. Introduction

This section begins with an introduction to the research topic and its urgency, followed by the identification of the research gap and expected contributions. Based on these, the research questions are presented, concluding with the study's delimitations.

1.1 Background and Purpose

The role of higher education has long been to prepare students for meaningful participation in the labor market (Braun & Brachem, 2015; Ghoshal, 2005). Historically, this preparation focused on transferring theoretical knowledge and general competencies assumed to enhance productivity and employability (Cappelli 1995; Bridgstock, 2009). Graduates who met this ideal were those equipped with formal credentials and academic knowledge, which employers interpreted as signals of job readiness (Alvesson, 2013; Eklund & Pettersson, 2017). In recent years, however, the nature of work and employability have changed. Reflecting the increasing complexity of global markets, the rise of digital transformation, and shifts in organizational expectations, employers now seek graduates who can immediately contribute with practical, job-relevant skills (Osmani et al., 2019; Hossain et al., 2020). Skills refer to specific learned abilities necessary to perform particular tasks, such as technical proficiency in using software tools, or more behavioral skills, such as communication skills. A related but broader concept is “capabilities”, which, although not synonymous with skills, encompasses an individual’s overall ability to navigate complex, dynamic environments, leveraging both skills and personal attributes like adaptability, leadership, and problem-solving. (Spencer & Spencer, 1993)

Students continue to view higher education as a reliable pathway to secure employment, yet find themselves under- or over-qualified for workplace realities. This has led to a paradoxical and persistent skills gap, marked by both skill deficiencies and over-education, where graduates exceed academic requirements but fall short on practical readiness (Jackson, 2012; Berlin, 2014). Business schools face mounting pressure to reconcile this divide between academic outcomes and labor market needs (Andrew & Higson, 2008; Azevedo et al., 2012).

Researchers have proposed various frameworks to understand this disconnect. Some have examined institutional prestige and its impact on perceived employability (Marginson, 2019; Caballero et al., 2022), while others have investigated curricular relevance or employer engagement (Tymon, 2011; Jackson, 2012). Yet despite growing interest in the skill alignment debate, prior work has often analyzed the gap from either a student or employer perspective, rather than integrating both. Moreover, few studies situate this inquiry within the same educational setting, where alumni outcomes

can be meaningfully compared to employer demands. This highlights a critical research gap in understanding the extent to which the skills and capabilities developed through business education align with employer expectations within a shared educational context.

Employer expectations are essential to graduate success. A close match between skills and expectations enhances employability (Moore & Morton, 2017), boosts productivity (Azevedo et al., 2012), and fosters faster integration into workplace roles (Andrews & Higson, 2008). However, achieving this alignment consistently presents a significant challenge. The skills and knowledge generated by educational institutions are shaped by their specific pedagogical approaches, theoretical frameworks, and disciplinary boundaries. Simultaneously, employer expectations shift in response to evolving labor market dynamics and industry needs. This inherent tension often results in a problematic mismatch between what graduates offer and what employers seek. These gaps extend beyond purely technical or disciplinary knowledge, encompassing crucial areas such as adaptability, communication proficiency, and professional conduct (Holmes, 2011; Nelson et al., 2024). These mismatches affect not only individual career trajectories but also raise concerns about institutional effectiveness and the value of business education.

This paper presents a qualitative study conducted at a well-established and reputable Swedish business institution (hereafter referred to as “business institution”) to assess the skills and competencies that alumni possessed upon graduation and retrospectively identified as valuable upon entering the labor market, and to compare these with the skills and competencies that employers actively seek in recent graduates during their recruitment processes. By analyzing interview data from graduates and employers directly linked to the same institution, we aim to compare firsthand accounts of academic preparation with real-world workplace experiences. Contrary to much of the existing literature, which emphasizes a persistent gap in soft skills, our study finds that these are well-developed among graduates. Instead, the disconnect lies in hard, job-specific skills, particularly in using software tools such as Excel, PowerPoint, and programming applications. Additionally, both employers and alumni emphasize the importance of extracurricular activities, an aspect that has received limited attention in existing research, particularly from the alumni perspective.

These findings extend and enhance the understanding of the graduate skills gap by providing a more nuanced view of the competencies needed for workforce readiness. First, contributing to the literature on the skills gap, we identify a shift from a conventional focus on soft skills, such as communication and adaptability, toward a more significant gap in hard skills. This theoretical contribution refines the

existing discourse by highlighting the essential role of technical, hands-on skills in preparing graduates for the workforce, shifting the focus from soft skills to hard skills as a key factor in employability. Second, both employers and alumni emphasize the importance of extracurricular activities, an aspect that has received limited attention in existing literature, particularly from the alumni perspective. Our findings underscore the significance of extracurricular activities as key indicators of workplace readiness. In summary, these contributions expand the theoretical understanding of the graduates' skills gap by shifting the focus to hard skills and extracurricular activities. Moreover, they offer practical recommendations for business schools and policymakers to adapt educational programs to meet the real-world needs of employers, ensuring that graduates are better prepared for successful transitions into the workforce.

1.2 Research Question

To address the purpose of this thesis, the following research question have been formulated:

- How well do the skills and capabilities of business school management alumni align with the expectations of employers?

1.3 Delimitations

The following delimitations have been applied to investigate the research question. First, only alumni graduating in 2024 from a master's program in management at the business institution are included. This ensures up-to-date insights, minimizes recall bias, and accurately reflects the latest curriculum and labour market trends. Expanding the scope to earlier graduates could introduce confounding factors such as the impacts of COVID-19, AI-driven digitalization, and other macroeconomic shifts, potentially reducing the study's accuracy. Second, this study focuses exclusively on graduates from the same program within the business institution to maintain consistency in educational background. Including other master's programs would introduce variability in skill sets and career trajectories, reducing the precision of the analysis. While some overlap exists across programs, each is designed for distinct career paths, as stated on the business institution's website. Third, the study focuses on alumni who have continued working in Sweden after graduation, as well as Swedish employers. The latter is defined as companies registered with the Swedish Tax Agency for tax purposes, regardless of their physical presence (Skatteverket, n.d). This ensures alignment between the interviews and the Swedish labour market context while minimizing variability from differing regulatory and cultural conditions, making the findings more applicable and actionable. Lastly, Swedish employers in this study are limited to top-ranked companies among alumni of the business institution, as identified in its most recent employment report, and other companies where graduates from the 2024 cohort are currently

employed. These companies were chosen due to their direct experience with recent graduates, ensuring a relevant perspective on the alignment between education and employer needs.

2. Literature Review

This section explores the concepts of employability and the skills gap, followed by an introduction to the human capital theory, which will serve as the theoretical framework guiding this study.

2.1 Employability

Employability has been a central focus in higher education for many years, as one of the primary objectives of education is to prepare students for the labour market. Many institutions measure employability based on how quickly graduates secure employment after graduation (Bridgstock, 2009; Yorke, 2006). However, it is essential to distinguish between employment and employability, as these terms, while related, are not synonymous. Employment refers to an individual's current job status, while employability encompasses characteristics that enhance an individual's suitability for employment (Hillage & Pollard, 1998). As such, employability remains challenging to define and measure precisely (Andrews & Higson, 2008; Boden & Nevada, 2010; Cranmer, 2006).

Initially, the term employability was associated with employment outcomes, emphasizing the ability of graduates to secure a job after graduation (Hillage & Pollard, 1998). However, the concept has evolved to include a wider range of skills and attributes, encompassing both hard and soft skills (Knight & Yorke, 2003). Hard skills are technical or discipline-specific competencies, while soft skills are personal attributes that enhance job performance and interaction. (Al Asefer & Zainal Abidin, 2021). Despite this broader understanding and the acknowledged importance of soft skills in employability frameworks (Knight & Yorke, 2003), the literature offers limited insight into the specific pedagogical approaches within higher education that effectively cultivate these attributes. Consequently, a persistent challenge is the alignment between the skills that graduates acquire during their academic programs and the skills that employers expect in the workforce. Research suggests that while graduates may possess certain skills at the time of graduation, these skills often do not align with the expectations of employers, creating a gap in employability (Harvey, 2005; Yorke, 2006).

However, Harvey (2005) critiques the notion of employability as merely a set of individual graduate characteristics, arguing that this perspective is overly simplistic and one-sided. He argues that employability is probabilistic, influenced by socioeconomic (Harvey, 2005), cultural, and political factors (Crossman & Clarke, 2010) that shape the labour market and impact a graduate's employability. Therefore, understanding the specific national and international context is essential for supporting the development of successful career development and employability (Crossman & Clarke, 2010). Many graduates face constraints in their career choices, often having to adjust their

expectations when their preferred occupations are not viable in the current job market. Additionally, getting an entry-level job is not the same as long-term career success, as critical workplace competencies are difficult to measure and may not be fully developed among recent graduates. Harvey (2005) thus emphasizes that employability is complex and dependent on graduates' engagement with opportunities for employability development.

Broader definitions of employability extend beyond securing a job, emphasizing it as a lifelong learning process that requires individuals to remain adaptable and employable throughout life (Aamodt & Havnes, 2008). Hillage and Pollard (1998) similarly view employability as not only securing initial employment but also the ability to continuously develop and apply skills throughout their career. Vuksanovic et al. (2014) define employability as a set of competencies that enable graduates to secure and sustain employment while fostering lifelong learning. Likewise, Rehman and Mehmood (2014) argue that employability entails a graduate's capacity to maintain employment and transition between jobs. Scholars highlight the importance of continuous learning, gaining work experience, and developing career-related skills to remain competitive in the labour market (Bridgstock, 2009; Gracia, 2009; Prokou, 2008). Thus, employability should not be regarded as the end goal but as an evolving process (Holmes, 2011).

Employability is a multifaceted concept influenced by various factors that scholars emphasize in different ways. While numerous employability-related skills can be obtained from the literature, there is no consensus on a definite set of skills. These factors are highly context-dependent, requiring graduates to recognize and develop the skills most relevant to their specific labour market (Hillage & Pollard, 1998). Yorke (2006) and Harvey (2005) acknowledge the importance for graduates to continue learning in the workplace after graduation, as practical experience plays a critical role in skill development. As the understanding of employability continues to evolve, so do employer expectations. While graduates must develop skills relevant to their specific labour market, there has been a notable shift in how these skills are assessed. Previously, skills were acquired on the job, but employers now expect graduates to have a strong foundation of skills when entering the workforce (Rehman & Mehmood, 2014). It is no longer enough for graduates to have only discipline-specific knowledge acquired through education; they must also have employability skills that enable them to navigate the labour market, apply their knowledge effectively, and adapt to different employment contexts (Small et al., 2017). While graduates are not expected to possess all workplace-specific skills, they must have employability skills such as problem-solving skills, adaptability, leadership, teamwork, and commitment to continuous learning (Rehman & Mehmood, 2014).

Yorke (2006) and Harvey (2005) argue that higher education curricula should prioritize preparing students for continuous skill development in professional settings. Similarly, Teijeiro-Alvarez et al. (2013) emphasize the need for universities to shift their traditional focus and help students develop competencies that enhance employability and align with labour markets' demands. In today's competitive global job market, there is an increasing emphasis on soft skills, as they are essential for graduate success. Therefore, business schools must design programs that extend beyond technical knowledge, emphasizing soft skills, particularly communication. As Andrews and Higson (2008) highlight, having business knowledge itself is insufficient without the ability to communicate and demonstrate it effectively. Knight and Yorke (2003) propose ways to enhance employability in higher education, including designing work placements into degree programs, incorporating entrepreneurship modules, providing good career advisory services, and encouraging students to build portfolios that allow them to reflect on their achievements, present evidence of their skills, and identify development priorities. However, implementing these initiatives requires more from faculty. Despite such efforts, empirical research indicates a lack of alignment between the skills acquired through business education and those needed in entry-level jobs (Azevedo et al. 2012). This misalignment underscores the need for curricula to better align with labour market demands.

2.2 Skills Gaps

The concept of skills gap is central to understanding the challenges graduates face in transitioning from higher education to the workforce. This gap refers to the mismatch between the skills possessed by the workforce and the skills required by employers. This discrepancy means that workers lack the necessary skills to perform their roles effectively, leading to challenges in the labour market. McGuinness et al. (2018) define skill gaps as the situation where employers perceive that employees do not have the competencies needed to successfully perform their jobs. They explain that skills gaps lead to lower productivity and higher labour costs for employers, due to the increased investment in training and recruitment. Similarly, Whittaker (2016) emphasizes that even highly educated graduates often lack the practical, "job-ready" skills that employers expect, which necessitates additional resources to bridge this gap. The broader economic consequences of skills gaps are evident. McGuinness et al. (2018) stress the potential for decreased competitiveness and productivity at the macroeconomic level. Whittaker (2016) underscores the labour market inefficiencies that arise from these mismatches. Furthermore, the issue extends beyond the absence of skills, it also involves a misalignment of expectations between employers and employees.

The objectivity of the skills gap as a phenomenon calls for further scrutiny, as it is likely shaped by employer expectations and recruitment practices. The assumption of a static required skill set may be flawed in the dynamic modern workplace, where employer needs are constantly evolving. Consequently, the focus on current skill gaps may not adequately prepare graduates for future job market demands.

2.2.1 Graduate Skills

From the perspective of graduates, skills can be defined into three categories: (1) graduates' perceptions of skills importance, (2) what graduates feel they possess, and (3) what can be expected of graduates to possess after graduation.

Studies have revealed that there are eight competencies that graduates believe to be important for successfully performing at current job activities and for future career development. Azevedo et al. (2012) categorize these as; influencing and persuading, teamwork and relationship building, critical and analytical thinking, self and time management, leadership, ability to see the bigger picture, presentation, and communication, while Braun and Brachem's (2015) research categorize these as; planning and organizing of work processes, promoting others, leading, dealing autonomously with challenging tasks, information processing, number processing, communicating in foreign languages and physical performance. These competencies suggest that a combination of hard and soft skills is important according to graduates' perceptions. This is also supported by Andrews & Higson's (2008) study claiming that a majority of graduates identified "hard" core business skills to be an important part of their [skills] portfolio, while also recognizing soft skills, such as presentation and communication skills, to be of importance but identified oneself to lack skills in those areas. The importance of soft skills from a graduate perspective is further supported by Mainga et al. (2022), where graduates ranked communication skills, learning skills, positive attitudes and behaviors, and problem-solving skills as the top four most important skills that employers seek when recruiting new graduates. However, the accuracy and potential biases in graduates' self-perceptions of their skill importance and possession require careful consideration, as graduates may not always be fully aware of the skills employers value, and they might over- or underestimate their abilities in certain areas.

Numerous studies reveal insights into what graduates themselves feel that they possess in terms of skills at the point of graduation. A study on European graduates found that learning abilities, power of concentration, working independently, written communication skills, loyalty & integrity, field-specific theoretical knowledge, getting personally involved, critical thinking, adaptability, and

tolerance were the top 10 highest-ranked skills that they had possessed on graduation. When narrowing this down to specific countries, it was found that Swedish graduates ranked teamwork, improving their own performance, problem-solving, communication, and computing skills in chronological order of how well they believed they possessed said skills (Blasko, 2002). Another study performed on Swedish higher education institutions reveals that Swedish graduates feel that they usually possess the ability to learn, intelligence, ideas and imagination, and communication skills (Little, 2003). Both studies reveal that graduates tend to possess a combination of soft skills and hard skills at the point of graduation.

In terms of what skills graduates are expected to possess after graduation, a University in Sydney identified 5 key skills: knowledge skills, thinking skills, personal skills, personal attributes, and practical skills (Weligamage & Siengthai, 2003). Similarly, graduates in Romania expect the main skills achieved during higher education to be practical knowledge, skills, and abilities such as communication, teamwork, problem-solving, and assimilation of new knowledge (Nicolescu & P[Acaron]Un, 2009).

2.2.2 Employer Expectations

An increasingly prevalent theme in the literature on the topic of employer expectations of newly graduated from higher education institutions is the importance of soft skills in determining graduate employability. Numerous studies have underscored the increasing demand for graduates to possess both interpersonal and intrapersonal attributes, such as communication (both oral and written), teamwork and collaboration, problem-solving, critical thinking, leadership, and time management (Weligamage & Siengthai, 2003; Alhaderi & Jellali, 2024; Azevedo et al., 2012; Washor, 2015; Patacsil & Tablatin, 2017; Baird & Parayitam, 2019). In today's rapidly changing and complex work environment, these skills are commonly more prioritized over purely technical or discipline-specific expertise, here referred to as "hard skills". Additionally, the importance of such skills appears to be transferable across diverse sectors with researchers from business and marketing (Schlee & Karns, 2017; Washor, 2015; Mainga et al., 2022) to accounting (Kavanagh & Drennan, 2008) consistently emphasizing these competencies as crucial for early career success and long-term professional development.

This emphasis on soft skills, however, does not diminish the importance of hard skills. Employers seek a balance of both, recognizing that hard skills provide the foundational knowledge (Finch et al., 2013), while soft skills enable graduates to effectively apply that knowledge (Teijeiro-Alvarez et al., 2013; Crebert et al., 2004). This distinction relates to the concepts of formal and real competence.

Formal competence, often represented by qualifications and degrees, is what employers initially see in a graduate and is a crucial foundation for employability consideration. Real competence, on the other hand, refers to the actual skills, knowledge, and abilities a graduate possesses, and is ultimately what determines whether they are offered a job. (Andersson, 2014) Similarly, Lindelöw (2016) categorizes requirements as direct and indirect, where the former focuses on behaviors, knowledge, and abilities that have an immediate impact on work performance (real competence), while indirect requirements, often linked to formal competence like education and experience, create the conditions for that performance. While indirect requirements are common and easy to evaluate, the focus often lies on direct requirements (real competence), even though the former is essential for the latter. In essence, the literature suggests that formal competence provides the basis, but real competence, a graduate's ability to effectively integrate hard and soft skills, is what truly distinguishes a successful candidate. However, the literature may present an oversimplified and homogenous view of employer expectations. The prioritization of specific soft skills likely varies significantly across different industries, company sizes, and organizational cultures. Furthermore, the missing skills could reflect existing organizational cultures or preferences rather than solely objective necessities for job performance. The concept of immediate work-readiness upon graduation may also be an unrealistic expectation, potentially undervaluing the role of on-the-job training and development.

Following the discussion of formal and real competence, academic reputation is an important consideration. Like formal competence, it serves as an initial filter for employers, shaping perceptions before real competence can be fully assessed. A strong academic reputation can signal educational rigor, quality training, and valuable networks, leading employers to perceive graduates from prestigious institutions as better prepared. This advantage is particularly pronounced in competitive markets or for entry-level roles (Finch et al., 2013).

Beyond the realm of soft skills, practical experience is proven to be highly valued by employers. Internships, placements, and other work experiences gained by graduates during their study period are highly valued by employers when assessing graduates' readiness for employment (Finch et al., 2013; Alhaderi & Jellali, 2024). These experiences are seen as a bridge between theoretical learning and the realities of the professional world. Employers believe that such experiences provide graduates with valuable insights into workplace culture, develop practical industry-related skills, and, importantly, enhance their ability to apply theoretical knowledge in practice and real-world settings. The ability to apply theoretical knowledge in practice is consistently identified as a critical competency. (Teijeiro-Alvarez et al., 2013; Crebert et al., 2004). Employers increasingly expect graduates to be

“work-ready” from day one, capable of seamlessly integrating their academic learning with the demands of their roles (Mason et al., 2009). The literature suggests that graduates who can demonstrate this ability are more likely to be successful in securing employment and contributing effectively to their organizations.

2.2.3 Skills Gap Identified in Literature

Literature on graduates transitioning from higher education to work life often reveals a significant gap between employer expectations in the modern workplace and the actual capabilities possessed by graduates. This gap, while multifaceted, is widely attributed to a deficiency in soft skills among graduates. Authors like Ismail et al (2021), Robertson (2021), Fazio & Pinder (2014), and many others emphasize the increasing importance of these transferable skills in today’s dynamic work environment (Jeswani, 2016). Employers consistently express a demand for graduates who possess strong communication, teamwork, problem-solving, critical thinking, and adaptability skills (Dolce et al., 2020; Bhagra et al., 2018). Although the literature suggests that technical proficiency remains crucial, it is often the lack of the above foundational soft skills that hinders graduates’ ability to secure employment effectively after graduation (Andrews & Higson, 2008).

Soft skills are often used in literature as a broad categorization of capabilities, but in this context, it is crucial to understand the specific competencies that employers prioritize among graduates. The table below summarizes the main soft skills identified by employers as lacking among graduates.

Table 1
Overview of Soft Skills Employers Identify as Lacking Among Graduates

Communication Skills	Employers seek graduates who can communicate clearly and concisely, both orally and in writing. This includes the ability to present information effectively, engage in active listening, and tailor communication to different audiences (Schlee & Karns, 2017; Wilton, 2008; Lim et al., 2016).
Teamwork and Collaboration	Employers look for graduates who can contribute constructively to team projects, collaborate effectively with colleagues, navigate diverse perspectives, and resolve conflicts constructively (Chesworth, 2012; Wilton, 2008; Branine & Avramenko, 2015).
Problem-Solving and Critical Thinking	Employers require graduates who can analyze complex situations, identify problems, develop creative solutions, think critically about information, and adapt to changing circumstances (Finch et al., 2013; Teijeiro-Alvarez et al., 2013).
Adaptability and	In a rapidly changing world, the ability to adapt to new situations,

Learning Agility	learn quickly, and embrace change is highly valued. Employers seek graduates who are flexible, resilient, and possess a growth mindset (Tiwari, 2012; Pinto & He, 2019).
Professionalism and Work Ethics	Beyond specific skills, employers also value professional attributes such as work ethic, time management, organization, initiative, and a positive attitude (Jackson, 2010; Mainga et al., 2022).

The alignment of higher education with workforce needs is crucial for individual success, organizational effectiveness, and national competitiveness. The persistent skills gap, particularly the deficiency in soft skills, hinders graduate employability and impacts organizational productivity. As King (1995) noted, higher education drives economic growth, making alignment essential in today's knowledge-based economy. Graduates recognize the competitive job market (Brown et al., 2004) and the need for enhanced employability (Teijeiro-Alvarez et al., 2013). Employers struggle to find qualified workers (Singh & Ehlers, 2021) and emphasize the importance of soft skills (Ismail et al., 2021; Robertson, 2021; Fazio & Pinder, 2014). However, many graduates underutilize opportunities to develop these skills (Scott et al., 2019; MacDermott & Ortiz, 2017) due to a lack of awareness (MacDermott & Ortiz, 2017; Dolce et al., 2020) or misjudging their abilities (Gawrycka et al., 2020; Wallis, 2021). While the literature strongly emphasizes a soft skills deficiency, this focus may be overshadowing other critical mismatches, such as a lack of specific technical skills in certain areas. The broadly categorized lacking soft skills may not be universally applicable across all industries and job roles, potentially overlooking important nuances.

2.3 Human Capital as a Theoretical Framework

Human Capital Theory views individuals' skills and abilities as a form of capital, contributing to their productivity, and generating economic benefits for both individuals and society (Acemoglu & Autor, n.d). The origins of this theory are traced back to Adam Smith and other early economists who recognized the role of skills and abilities in economic production. However, human capital as a distinct concept was formally introduced in the 1960s by Theodore W. Schultz, who defined it as the stock of productive knowledge and skills possessed by the individuals employed within an organization (Kucharčíková, 2011).

The theoretical basis of human capital was further developed by Schultz's student, Gary S. Becker, who conceptualized it as the result of investment (Kucharčíková, 2011). Becker emphasized the role of education, training, and health in shaping human capital, arguing that individuals actively choose to invest in these areas to enhance their productivity and future earnings. Specifically, he highlighted that

workplace training and formal education contribute to workers' skills development (Weiss, 2015; Goldin, 2016). From an organizational perspective, firms also invest in human capital, recognizing employees as valuable assets that contribute to overall business performance.

From a managerial perspective, human capital is seen as an asset in which investments can be made to increase productivity and generate higher returns in the labour market. Investments in education, training, and other initiatives enhancing capacity are therefore crucial for improving individual productivity (Kucharčíková, 2011). Firms may invest in human capital through training their employees, similar to traditional capital investments, with the expectation of achieving a return on investment that enhances the company's market value (Becker, 1964; Blundell et al., 1999). Likewise, individuals invest in their education and training, anticipating that the acquired knowledge and skills will advance their careers (Becker, 1964). Additionally, individuals who invest in their skills and capabilities tend to achieve higher returns in terms of wages, job opportunities, and improved well-being (Acemoglu & Autor, n.d). At the societal level, human capital investments contribute to broader benefits, including economic growth (Kucharčíková, 2011; Goldin, 2016), improved social cohesion, and increased innovation (Kucharčíková, 2011). Within effective organizations, human resources are increasingly viewed as human capital, serving as a source of value creation (Ulrich, 1998; Thomas et al., 2013).

However, the presumed direct link between education, job opportunities, and productivity is increasingly questioned in today's volatile labor markets. The rise of credential inflation, skills mismatch, and precarious employment challenges the assumption that educational attainment guarantees upward mobility or economic security (Marginson, 1989; 1993).

Given the focus of this thesis on education, it is particularly relevant to consider how the skills and knowledge acquired through formal education and training constitute human capital. These acquired knowledge and skills increase the individual's job opportunities (Acemoglu & Autor, n.d) and essentially productivity in the workplace (Marginson, 1989; 1993). Therefore, investing in education is often based on the expectation that the returns will be greater than the costs of tuition fees and the foregone earnings while studying.

While further research is needed to better understand these complexities, Human Capital Theory provides a strong foundation, suggesting a positive correlation between education, job opportunities (Acemoglu & Autor, n.d), and workplace productivity (Marginson, 1989; 1993).

3. Method

This section discusses the study's qualitative approach and research design, followed by the data collection process, including sampling and interview design. It then outlines the data analysis method and concludes with discussions on trustworthiness and ethical considerations.

3.1 Research Philosophy

Given the objective to explore the gap between graduates' experiences, skills, and employers' experiences, a qualitative approach is suited as it allows for an in-depth and nuanced understanding of the underlying issues (Bell et al., 2022). The study adopts an interpretivist epistemological approach, seeking to gain an understanding of the participants' subjective perceptions of employability and labor market preparedness. Interpretivism assumes that knowledge is co-constructed through experience and context. It stresses that understanding social phenomena requires exploring the meaning that individuals attach to their experiences. As such, this approach acknowledges that graduates' and employers' understanding of employability is dynamic and evolving. To capture these perspectives, the study uses a qualitative methodology, specifically semi-structured interviews, which allows for an in-depth exploration of the meanings and interpretations of alumni and employers regarding employability and labour market preparedness. This approach aligns with the interpretivism approach. (Bell et al., 2022)

Existing literature on the skills gap between graduates and employers frequently employs qualitative interviews to capture the complexity of employability and the diverse perspectives of both groups (Holmes, 2011; Bridgstock, 2009). These studies demonstrate the method's effectiveness in revealing discrepancies in expectations and uncovering underlying reasons for misalignment, making it a well-established and suitable approach for this research.

3.2 Research Design

This study adopts a qualitative research design to comprehensively address the research question, aiming to generate rich insights and build an understanding from the collected data. As such, an inductive research approach was adopted (Bell et al., 2022). Inductive research can identify emerging patterns and themes within the data, facilitating an exploration of the participants' perceptions and experiences. Rather than being constrained by predefined hypotheses or testing existing theories, this approach enables a more flexible elaboration of the subject (Woo et al., 2017).

Furthermore, as the study captures data at a single point in time without observing change over an extended period, a cross-sectional research design was chosen (Bell et al., 2022). This design is suitable for this study's objective, as it enables the examination of graduates' and employers' current experiences and perceptions of employability and labour market preparedness. By employing a cross-sectional approach, the research can provide a picture of the existing gap, making it relevant to the study's objectives.

3.3 Research Setting

This study is situated within the dynamic context of the Swedish labour market, which presents a relevant context for investigating the alignment between graduate competencies and employer demands. Sweden faces a persistent labour shortage, a challenge further intensified by rapid technological advancements and the disruptive impact of the Covid-19 pandemic (Svenskt Näringsliv, 2021). Employers have consistently reported difficulties in recruiting knowledgeable workers, identifying supply-side inadequacies as a primary obstacle (Singh & Ehlers, 2021). This development necessitates a critical evaluation of how higher education institutions are preparing graduates to meet the evolving demands of the labour market.

A critical driver of change is the accelerating pace of digitalization, which continues to reshape the skill requirements across industries. The Confederation of Swedish Enterprise emphasizes the rising demand for digital competencies among both new entrants and existing employees (Svenskt Näringsliv, 2021). According to the Swedish Employment Agency, 21% of the current working hours are projected to be automated within the next decade (Azevedo et al., 2012). While this shift is expected to generate 1.3 million new jobs by 2030, it will also necessitate a growing emphasis on social and emotional skills, with a corresponding decline in demand for manual and basic cognitive abilities.

In this evolving landscape, Swedish higher education institutions play a vital role in preparing graduates with the relevant knowledge and transferable skills. However, concerns persist regarding whether the expanding public higher education sector can sufficiently meet labour market demands. (Berlin, 2014; Eklund & Pettersson, 2017) Conversely, discussions continue around issues of over-education and graduate unemployment (Alvesson, 2013). Given the strong employer demand for graduates from a leading Swedish business institution, as reflected in its recent employment report, it is imperative to investigate whether a skills gap exists.

The Swedish Higher Education Act (1992:1434) mandates collaboration between higher education institutions and societal stakeholders to ensure sustainable skills development. This aligns with broader societal expectations that public investment in education yields highly skilled graduates who can contribute to national productivity (Sparrhoff & Fejes, 2016; Gill & Lashines, 2003; Branine & Avramenko, 2015; Bratianu & Vătămănescu, 2017).

3.4 Data Collection

3.4.1 Data Sample

A priori purposive sampling approach was employed to find interviewees capable of participating in the survey and likely contributing relevant insights. Essentially, this entails that the selection criteria of participants were established at the outset of the research and hence do not evolve as the research progresses. The criteria are designed to enable the answering of the research question (Bell et al., 2022). For graduates, the geographical and institutional scope was limited to the business institution. To be further considered relevant, alumni needed to have completed the master’s program in management with a graduation year of 2024. Additionally, the graduate needed to have continued working in Sweden after graduation to accurately apply the insights to the Swedish labour market context. To identify suitable candidates, the institution’s digital thesis archive was used to browse graduate publications, filtered by program and year of publication. LinkedIn was then used to verify whether potential candidates had continued working in Sweden after graduation. Once relevant profiles were identified, the interviewees were contacted with a contact request on LinkedIn. Those who accepted received a follow-up message outlining the study and an invitation to participate. After accepting, interviews were scheduled. In total, 43 alumni from the 2024 cohort who met the selection criteria were contacted, with the final participants summarized in the table below.

Table 2
Overview of Alumni Interviews

Interviewee	Industry	Date of interview	Interview duration	Interview format
Alumni 1	Consulting	2025-02-14	44 minutes	Teams
Alumni 2	Consulting	2025-02-14	45 minutes	Google Meets
Alumni 3	Finance	2025-02-21	32 minutes	Teams
Alumni 4	Transportation	2025-02-21	49 minutes	Teams
Alumni 5	Telecommunication	2025-02-21	41 minutes	Teams

Alumni 6	Investments	2025-02-19	24 minutes	Teams
Alumni 7	Consulting	2025-02-21	37 minutes	Teams
Alumni 8	Transportation	2025-02-25	42 minutes	Teams
Alumni 9	Facility Management	2025-02-25	40 minutes	Teams
Alumni 10	Consulting	2025-02-25	30 minutes	Teams
Alumni 11	Agriculture	2025-02-26	32 minutes	Teams
Alumni 12	Consulting	2025-02-26	34 minutes	Teams
Alumni 13	Consulting	2025-02-28	40 minutes	Teams
Alumni 14	Consulting	2025-02-28	21 minutes	Teams
Alumni 15	IT-systems	2025-03-04	47 minutes	Teams

To identify companies for participation in our study, the geographical criterion was set to equal the limitations set on graduates; the employer had to have a Swedish employing authority as regulated by the Swedish Tax Authority. This was set to accurately apply the insights to the Swedish labor market. Additionally, to ensure relevance, the company needed either to have employed at least one management alumnus from the 2024 cohort, identified by reviewing the employers of the selected alumni, or to be listed as “frequent first employer after graduation” in the business institution’s graduate employability report. Once a list of suitable companies was compiled, relevant representatives such as recruiters (talent acquisition, employer branding, HR), senior partners, and managers were contacted via LinkedIn with a contact request. As for graduates, those who accepted were sent a follow-up message containing a short description of the study and an invitation to participate. To improve chances of receiving a response, additional contact points were used, including emails sent to the general company address and outreach at the business institution’s largest annual career fair, where many of the identified companies were represented. Once a participant accepted the invitation, an interview time was scheduled. The full list of company representatives participating is seen below.

Table 3

Overview of Employer Interviews

Company	Industry	Date of Interview	Interview Duration	Interview Format
Company A	Consulting	2025-02-11	22 minutes	In-person
Company B	Consulting	2025-02-14	45 minutes	Teams

Company C	Transportation	2025-03-04	51 minutes	Teams
Company D	Consulting	2025-03-04	37 minutes	Teams
Company E	Consulting	2025-03-05	36 minutes	In-person

The number of interviewees was not predetermined but rather judged by reaching a theoretical saturation point, meaning that interviews were conducted until no new themes or findings emerged that could offer new theoretical insights (Bell et al., 2022).

3.4.2 Interview Design

The interviews were conducted using a semi-structured and open-ended approach, with some prepared themes and questions beforehand, but then allowing the interviews to take different directions. Given the purpose of the research, semi-structured and open-ended questions are well-suited as they allow for an exploratory approach to the subject where concepts and theories could emerge from the data collected (Bell et al., 2022). Each interview ended with an open invitation for participants to share any additional insights that they might want to add, ensuring a comprehensive coverage of their perspectives and experiences.

The interviews were conducted individually with each participant to foster a casual ambiance, with an average duration of 37 minutes. Most interviews were conducted via Microsoft Teams, except for two, which were held at the respective companies' offices. Employing video functionality through Microsoft Teams for the digitally conducted interviews created a similar interactional experience as for the physically conducted interviews by enabling the interpretation of reactions, tone of voice, and body language. Additionally, it is possible to assume that the convenience of participating digitally encouraged more people to agree to participate; people who otherwise would have declined due to time constraints or social factors such as being shy or introverted (Bell et al., 2022). The interviews were conducted in either Swedish or English, depending on the interviewee's preference.

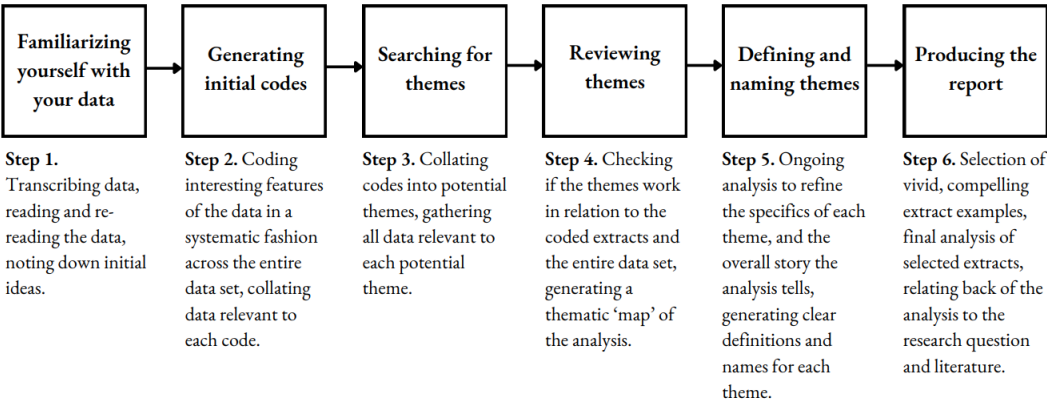
One to two weeks before the scheduled interview, examples of questions to be asked were offered to all participants, an action taken to increase the study's dependability (Bell et al., 2022). At the point of the interview, interviewees were informed of their rights, including anonymity, the option to decline questions, the right to terminate the interview at any time, and a final confirmation of their willingness to participate in the study. Additionally, a request for consent to record the interviews, both for transcription purposes and also to enable both researchers to engage and be attentive during the interview, and to allow analyzing possibilities afterward. During the interview process, the main

themes of the interview questionnaire (see Appendix A & B) were asked, followed by potential follow-up questions for more in-depth discussions aiming to fully understand the interviewees' perspectives. Both researchers participated in the discussion with alternating roles, meaning questions could be asked from both. This signals the use of responsive interviewing, where a collaborative conversation is employed as a way of trying to understand the interviewee's perspective (Rubin & Rubin, 2005).

3.5 Data Analysis

The data was analyzed using thematic analysis, one of the most common approaches for analyzing qualitative data due to its flexibility in providing a rich and detailed understanding (Braun & Clarke, 2006). Following an interpretivist epistemology and inductive design, our goal was not to test pre-defined theories, but to understand participants' perspectives on employability and the evolving skills gap. As such, this study follows Braun & Clarke's (2006) six-step process: (1) familiarization, (2) coding, (3) generating initial themes, (4) reviewing and developing themes, (5) refining, defining, and naming themes, and (6) writing up. Familiarization involved immersing ourselves in the material by reviewing transcriptions within 24 hours of each interview and cross-checking them against the recordings to ensure accuracy. Already at this stage, we began noticing patterns such as a marked shift from the commonly cited gap in soft skills toward a more prominent emphasis on hard skills. Similarly, several participants emphasized extracurricular activities as more impactful than formal education, suggesting an evolving perception of employability. These early insights necessitated an open, exploratory approach, reinforcing our commitment to an inductive and reflexive process.

Figure 1
Overview of the thematic analysis process.



Note. Figure adapted from Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.

Thematic analysis is a complex and iterative process that enables data to be more manageable through systematic organization rather than relying solely on repeated listening to recordings (Bell et al., 2022). We made sense through coding, which involves assigning short phrases to single-faceted observations that help develop initial themes. Themes, in turn, serve as patterns of shared meaning, capturing a multifaceted perspective derived from these codes (Braun & Clarke, 2006). Throughout the process, codes and themes were continuously refined, as new insights and existing interpretations were re-evaluated in light of the evolving dataset. Although we approached analysis inductively, we engaged with relevant literature on employability and the skills gap early in the process, parallel to data collection and familiarization. This early reading helped us develop sensitivity to themes emerging in participants' experiences, such as the unexpected relevance of hard skills and the role of extracurricular activities, without letting theory dominate the initial stages of coding. Our selection of relevant literature was redefined iteratively, guided by the most salient theme in the data and our evolving understanding of the skills gap.

After familiarization, we coded the data using MAXQDA24. Initial codes were systematically refined to remove overlaps, clarify meaning, and exclude low-relevance or low-frequency codes. Decisions about inclusions were driven by whether a code contributes meaningfully to understanding employability and the skills gap as experienced by participants. Tentative themes were developed collaboratively and redefined to reflect both empirical depth and conceptual coherence. The final structure, comprising hierarchically organized codes grouped under overarching themes, emerges organically from the analysis. This structure was created to demonstrate how individual observations contribute to broader patterns of meaning. Ultimately, the themes demonstrate key findings of the study, including the nuanced shift in the conceptualization of the skills gap and the perceived value of extracurricular activities in shaping employability. The complete list of codes and themes can be found in Appendix C.

3.6 Quality Considerations

Qualitative research lacks consensus on quality assessment, with researchers proposing criteria that are distinct from those of quantitative studies (Bell et al., 2022). Lincoln and Guba (1985) and Guba and Lincoln (1994) argue that the reliability and validity measures used for quantitative research assume absolute truths, conflicting with the belief that multiple truths can exist. To address this, they propose an alternative framework for trustworthiness based on credibility, transferability, dependability, and confirmability.

3.6.1 Credibility

The importance of credibility in qualitative research directly relates to the belief that multiple accounts of reality can exist. Consequently, the acceptability of qualitative research depends on its credibility, often established through respondent (or member) validation, where participants confirm the researcher's interpretations (Bell et al., 2022). This process ensures the findings reflect participants' perspectives and experiences accurately.

In this study, all participants were given access to review the research results and were consequently asked to confirm the accuracy of the authors' interpretations. All respondents approved of the findings, reinforcing the study's credibility.

3.6.2 Transferability

Qualitative research typically involves an in-depth examination of a small group or individuals with shared characteristics, prioritizing depth over the breadth commonly seen in quantitative studies. As a result, qualitative findings emphasize the contextual uniqueness of the social world being studied. Therefore, researchers of qualitative studies are encouraged to provide rich, detailed accounts of the cultural and social phenomena, a concept known as "thick description" introduced by Geertz (1973). Guba and Lincoln (1994) argue that such descriptions enable others to assess the potential transferability of findings to different contexts.

The authors acknowledge that by offering comprehensive descriptions of both the phenomenon and its broader context, readers can determine the applicability of the results in other settings. Additionally, to further address concerns about transferability, the study deliberately considers interview participants from various career paths rather than restricting the analysis to a specific industry niche.

3.6.3 Dependability

Dependability ensures transparency by maintaining detailed records of all research phases, allowing an auditor to replicate the study and achieve consistent results (Bell et al., 2022). Although auditing is an uncommon practice in qualitative research due to challenges with large datasets, this study enhances dependability through detailed documentation of the research process, a clear and comprehensive methodology section, and relevant documents as appendices.

3.6.4 Confirmability

Confirmability reflects the researchers' effort to remain objective and free from bias. Despite the challenge of complete neutrality, researchers should be shown to have acted in good faith (Bell et al., 2022). As Nickerson (1998) notes, individuals tend to interpret information in ways that align with their beliefs. To mitigate this and enhance the confirmability of the study, both authors attended all interviews to minimize personal influence and actively collaborated in analyzing the data while ensuring respondents' answers were interpreted impartially.

3.7 Ethical Considerations

Ensuring privacy, confidentiality, and ethical treatment of research participants is fundamental in any study. This involves obtaining informed consent, ensuring data confidentiality, providing anonymity, and treating respondents with openness and honesty (Bell et al., 2022). To protect interviewees' privacy and foster open discussions, all names and references to individuals and organizations have been anonymized. Before each interview, participants were briefed on the study's purpose, informed about data handling procedures, and asked for their consent to participate and be recorded. The authors assured that their data would remain strictly confidential, with only anonymized, non-sensitive quotes included in the report, and that they could request the exclusion of any shared information at any point in time. Lastly, all collected data about interviewees was deleted upon completion of the study, as had been communicated to all participants. These measures ensured that confidentiality, informed consent, and ethical integrity were maintained throughout the research process.

4. Findings

This section presents the findings, structured around four key areas identified from the interview: (1) skills graduates possess and employers seek, (2) the role of education, (3) the employer's role, and (4) the value of extracurricular activities in preparation.

4.1 Skills

Interviews with alumni and companies revealed an emphasis on the importance for graduates to possess both soft and hard skills. The following sections summarize key findings on each skill type, concluding with their combined role in the transition from education to the corporate world.

4.1.1 Soft Skills

Soft skills play a critical role in both recruitment and career success. Many alumni identified that their employers placed significant emphasis on attributes such as interpersonal skills, empathy, and the ability to reflect on and apply core values during the hiring process. Recruiters appeared to assess candidates' capacity to collaborate, communicate effectively, and build trust, especially in roles requiring close interaction with clients or teams. In client-facing industries such as consulting, qualities like reliability and emotional intelligence were considered essential: *"Being a consultant is about working in a trust-based industry where clients need to feel confident in you."* (Alumni 12). Employers echoed the importance of personal attributes and cultural fit beyond technical competence in hiring decisions, saying, *"We have a no-asshole policy - no matter how skilled someone is, if they do not fit socially, it does not work."* (Company D).

Company A: *"(...) in the areas of consulting and strategy consulting, you need to have a broader perspective. You might step into, for example, company X and then quickly move to an entirely different company, so you need to quickly adapt and have a business understanding. This requires adaptability."*

Building on this focus, adaptability and learning agility were frequently mentioned as essential traits: *"(...) but even if there is a gap, as long as you are willing to study, be humble about not knowing everything, and are willing to ask, it is fine."* (Company B). Closely linked to this was the importance placed on drive and initiative - employers favored candidates who proactively took ownership, made things happen, and demonstrated motivation beyond assigned tasks. Additionally, communication skills were another area of strong consensus. Both employers and alumni emphasize the importance of being able to clearly explain complex ideas, tailor messages to different audiences, and present information persuasively.

Alumni particularly noted that their academic training, especially experiences involving presentations and structured information delivery, had prepared them well for these demands. This focus on clear communication was mirrored by comments about the importance of being able to work in teams. Employers stressed the ability to work effectively in project-based environments, highlighting the need for interpersonal competence, stakeholder engagement, and the ability to contribute within diverse teams. Alumni supported this perspective, reflecting on how their group work in academia mirrored the realities of the workplace, helping them develop skills in coordination, communication, and managing deliverables in team settings.

Alumni 1: “I think at the beginning it was really about how to create a performing team. At the business institution, everything was about trust. How do you become a very good team?”

Beyond teamwork, alumni reflected on the broader social and relational skills developed during their studies. These included cross-cultural collaboration and professional networking, particularly in the business institution’s international environment, where alumni encountered diverse perspectives and ways of working: *“The international environment at the business institution gave me a strong foundation in understanding different perspectives and working with people from diverse backgrounds.”* (Alumni 12). Furthermore, problem-solving and analytical skills were also widely recognized as essential. Rather than valuing theoretical knowledge alone, employers prioritized candidates who could apply reasoning, approach challenges with a critical mindset, and adapt to complex or ambiguous situations: *“(…) it is not the theories we are looking at, but rather the ability to reason and understand”* (Company E). Alumni reinforced this perspective, emphasizing that their education helped shift their thinking toward deeper analysis, creativity, and independent judgment, particularly at the master’s level. These insights suggest that while theoretical knowledge plays a role, both employers and alumni place greater value on the ability to analyze, adapt, and solve problems in real-world contexts. This is further strengthened with one alumnus saying that, *“Anyone can learn how to discount a cash flow, but taking responsibility and solving problems independently - that is what makes the difference.”* (Alumni 4).

Company D: “The most important thing is, and it may sound very controversial, but it is low maintenance. I will say this as an employer: being a smooth colleague. It is not about not complaining; it is about being able to read the room.”

Cultural fit and alignment with the company's values were also pivotal in the decision-making process. The ability to integrate seamlessly into the team and demonstrate a shared sense of purpose was discussed in multiple interviews: *"You need to fit in, but that does not mean everyone has to be molded in the same way. People can have different backgrounds, (...) but you need to have an interest in our issues."* (Company D). Building on this, many alumni reflected on the ability to navigate corporate environments effectively, balancing professionalism with intuition: *"You need to know how to conduct yourself in a corporate setting, how to handle certain situations. But beyond that, it is also about feeling the energy in the room, being genuinely curious, and engaging."* (Alumni 4). The ability to work with individuals from diverse backgrounds was also highlighted as a critical skill, particularly in roles that require frequent interpersonal interaction across cultures and functions. Finally, resilience, patience, and managing workplace dynamics were also seen as integral to success. Transitioning from academic environments to professional settings often requires adjusting expectations, dealing with ambiguity, and understanding internal dynamics and stakeholder concerns.

Ultimately, both alumni and employers emphasized that beyond technical skills, success in the workplace hinges on trust, reliability, empathy, adaptability, learning agility, the ability to communicate and present effectively, collaboration, problem-solving and analytical skills, cultural fit, and alignment with company values.

4.1.2 Hard Skills

The findings from the interviews indicate that both employers and alumni perceive hard skills as a fundamental but expected baseline in recruitment and career progression. While technical competencies serve as an essential screening tool, they are often considered a "hygiene factor", important for moving past the initial recruitment step but insufficient for long-term success. Employers consistently emphasized hard skills as a primary criterion in the early stages of recruitment. Academic performance - particularly grades - is typically used to assess hard skills, including analytical ability and subject knowledge. While many employers reported making a holistic assessment of candidates, they also maintained baseline academic requirements that must be met. Alumni were well aware of this emphasis, acknowledging that strong grades are essential for passing initial screening processes. However, they also questioned the extent to which academic performance predicts long-term success in the workplace. Their reflections suggest that while hard skills are important prerequisites in the hiring process, they are not necessarily indicative of a candidate's full potential or future job performance.

Despite the importance of soft skills, hard skills remain crucial. Respondents recognized that strong hard skills, particularly in areas like technical competence, are still required for job success. However, some alumni expressed concerns about the long-term relevance of certain technical skills, especially as automation and artificial intelligence, such as ChatGPT, become more capable of performing tasks like building valuation models or calculating cash flows.

The importance of hard skills also varies by industry. Alumni in finance and investment roles stressed the necessity of a strong grasp of accounting, financial statements, and business fundamentals. On the other hand, alumni in more commercial roles highlighted the importance of understanding the broader business context and market dynamics as central to their job performance. This illustrates that industry and role influence expectations of graduates' hard skills. Another recurring theme among alumni was the gap between academic knowledge and the practical skills required in the workplace. Many reflected on how their education, while valuable for providing a foundational understanding, often did not align with the hands-on demands of their roles. This gap was further emphasized by alumni who noted that they were expected to have certain hard skills from their studies, but wished they had these skills upon graduation, as they had to develop them after starting their jobs:

Alumni 2: "There is a minimum level of proficiency in PowerPoint and Excel that you need before starting a job, and there is a gap on the school's side in preparing for that. There is also a baseline level that should be achievable through education, and not something you should be exposed to in the workplace. But based on that foundational knowledge, there is always an extra level you need to learn on the job."

Lastly, many alumni reflected on the specific skills they had acquired in school and later applied in their jobs. Several noted that problem structuring and strategic planning were crucial skills. Although alumni did not always recall specific models or frameworks, they acknowledged that their education helped them organize complex information effectively, which was crucial in their work. Another noted that the project-based courses had equipped them with relevant project management skills. Technical and digital skills, such as AI knowledge, were also emphasized. They noted that the knowledge gained from their business education in digitalization had been particularly valuable in their roles, allowing them to navigate technological advancements.

Ultimately, while hard skills serve as a necessary foundation, they are not the sole determinant of success. Employers and alumni alike recognize that while technical expertise is essential for securing a role, it is the ability to apply and continuously develop these skills in a practical setting that truly matters.

4.1.3 Synergy of Soft and Hard Skills

The findings indicate that while business education places a strong emphasis on hard skills, the workplace demands a more balanced integration of hard and soft skills. One respondent estimated that during studies, the ratio was *“almost 80% hard skills and 20% soft skills,”* whereas in reality, it is *“closer to 50/50 if not even more in favor of soft skills.”* (Alumni 6). Another participant emphasized that professional work often requires *“a strong combination of practical problem-solving and relationship-building”* (Alumni 14), particularly in industries like consulting, where networking and interpersonal skills are integral.

Several participants suggested that soft skills have gained increasing importance over time. As one put it, *“hard skills are becoming more of a commodity, making soft skills even more valuable.”* (Alumni 4). Another highlighted that while their daily tasks often involve soft skills, they are complemented by hard skills when needed. Here, a common theme was the ability to approach unfamiliar challenges: *“Much of my work involved receiving a task I do not immediately know how to solve and then figuring it out using hard skills I have acquired.”* (Alumni 15).

4.2 Education

Interviews with alumni and companies highlighted the business institutions' role in preparing students for the workforce and enhancing their employability. Key themes include the impact of the school's reputation, workforce preparation, and areas for improvement. The following section examines these aspects in detail.

4.2.1 School Reputation

The findings show that the business institution's reputation plays a key role in career success. Alumni highlighted how the institution's strong brand and networks open career opportunities, particularly in Sweden. The reputation is seen as a valuable asset in the job market, with alumni noting that a degree from the institution acts as a stamp of quality, making graduates highly sought after. Employers echoed this value, with several companies identifying the institution as a primary recruitment target, due to its reputation and proven track record of graduates. In addition, several alumni reflected on the

competitive advantage that the business institution's reputation offers when compared with other institutions. The institution's brand is seen as a quality stamp in the job market, giving its alumni an edge over other candidates.

4.2.2 Preparation from Education

Many interviewed alumni describe a smooth transition to the workforce, attributing this to the skills and experiences gained during their studies. Several respondents emphasize the institution's problem-oriented, case-based approach, equipping alumni with the tools and mindset needed to navigate the demands of professional life, closely mirroring real-world business challenges.

A common theme is the breadth of education and exposure to various industries, sharing, *"The mix of projects we did with different companies helped me understand different sectors and how businesses work in practice."* (Alumni 3). Alumni noted how well the business institution prepares students specifically for consulting, stating that the skills learned at school directly align with those required in the industry. This combination of academic theory and hands-on experience appears to be a key strength, preparing students with both analytical skills and practical business insights. However, some alumni acknowledge that, despite this strong preparation, starting a new job still comes with a degree of uncertainty.

Alumni also reflected on the educational intensity at the business institution, characterized by high expectations and competitive pressures. Many mentioned that this environment shaped their ability to handle workplace demands: *"The pressure and competitiveness at the business school prepared me to perform under stress. The competition between classmates, (...), was intense but helped me grow."* (Alumni 4). However, some alumni acknowledged that the competitive mindset at school may not always transfer to professional settings. While the competitive environment at the business institution played a key role in preparing students for workplace demands, alumni also reflected on how their time there fostered self-awareness and personal growth, helping them navigate career choices and work-life balance.

Alumni 1: "It was a great opportunity to reflect on how I wanted to shape my career, where I wanted to work, and what my goals were. I had many discussions with myself about where I wanted to work and how I could contribute. It helped me understand myself and my expectations."

Another point of emphasis was the business institution's responsiveness to emerging trends. Alumni mentioned how the institution integrated topics such as AI and digital transformation into their curriculum. This focus on current trends helped alumni feel confident in their ability to adapt to an ever-changing job market. Many shared that the business school prepared them to navigate a dynamic work environment, and they felt assured that the skills they gained would remain valuable regardless of future developments.

4.3 Employers

Interviews highlight employer expectations, onboarding processes, and ongoing professional development as critical factors in shaping alumni's early career experiences. The following sections examine these aspects and the role of employer engagement in alumni's transition to the workforce.

4.3.1 Employer Expectations

Employers highlighted several expectations they have for graduates from the business institution entering the workforce. A primary focus was on personal drive and engagement, with employers valuing candidates who have demonstrated initiative beyond academics. Analytical skills were also emphasized, with employers assessing candidates' ability to tackle complex problems through case analyses and presentations. Additionally, employers sought graduates who could collaborate effectively and integrate well into team dynamics, highlighting the importance of how new team members work together to achieve tasks.

When it comes to early expectations on alumni, employers emphasize that new graduates are not expected to make significant contributions but should instead focus on learning: *"The expectations for the first year, you are not expected to add value, you are there to be trained. As long as you are not negative in value, you are doing a good job."* (Company E). However, employers pointed out a gap in technical skills, particularly in areas like the Office package and media literacy. Some employers recognized that this gap is inevitable, acknowledging that while graduates may have both soft and hard skills, these skills will always be shaped differently depending on the industry and specific role. Alumni echoed this, highlighting the importance of adapting to industry-specific issues that vary across different sectors.

4.3.2 Onboarding

Many companies offer a structured onboarding process, often referred to as introduction weeks, to help new hires familiarize themselves with the company's work methods and tools. These programs typically focus on essential software skills, such as training in PowerPoint and Excel, ensuring that

employees can effectively use these tools in their roles. Some companies offer a more extended onboarding program, such as multiple introduction weeks followed by hands-on exposure in different company settings. Others offer a more general introduction, primarily focusing on understanding the company's operations. Beyond technical training, companies also emphasize social and cultural integration, with alumni noting the value of social activities in helping them feel comfortable and connected within the office environment.

4.3.3 Employer Engagement

Beyond initial onboarding, on-the-job training is an important aspect of professional development. Continuous learning is emphasized as specifically valued, with many alumni regularly researching new topics and attending training sessions tailored to their roles. In response, many companies offer a wide range of training opportunities. For example, some workplaces allow employees to request a set number of training sessions each year, with a structured review process where employees can identify development areas and request relevant courses to enhance their skills. Another identified theme relating to employer engagement is their collaboration with the business institution, which helps bridge the gap between academic learning and corporate life. Many companies actively engage in educational initiatives: *"We host events ranging from social gatherings like cook-along to employer branding activities and deeper business collaborations."* (Company A).

4.4 Extracurricular

It was found that all interviewed alumni had, during their master's studies, gained some work-related experience before entering the workforce full-time after graduation: *"I had not done internships before, like many others, but I had experience as an accounting assistant and some odd jobs"* (Alumni 2). Many recognize the importance of such experiences in making the transition from school to work: *"I think that experience is more of a hygiene factor - you need to have done certain things, like various internships"* (Alumni 3). This view is echoed by companies, which also consider extracurricular activities as essential key factors in hiring decisions. One employer stated, *"It is preferable if you have done quite a bit on the side, whether that is through student organizations or other engagements"* (Company B). This emphasis on extracurricular and work-related activities indicates that companies value graduates who demonstrate initiative, versatility, and relevant skills, and it highlights the importance of practical experience in the transition to professional life.

Company C: "You need to have something on the side, and it should not just be that you worked at McDonald's. But if you have been involved in student

organizations, taken leadership training through that, or done something similar, that also counts. (...) It could be that you worked at Swedbank's telephone bank, at their office, or as a claims handler at If. That kind of experience is more or less the minimum requirement to move forward in the process."

It is recognized by other companies that an overall assessment of a candidate is made during the hiring process. That being said, if there is a lack of extracurricular activities or previously work-related experience of relevance, that must be compensated through other weights: *"(...) if you do not have any relevant work experience, you need to compensate for it with, for example, grades or vice versa."* (Company A). Alumni widely acknowledge the importance of extracurricular activities in their career preparation. Many reflect on how part-time jobs, internships, and other extracurricular experiences significantly eased their transition from school to the workforce: *"If I had not had that [previous work experiences], I probably would have felt like I was not as prepared as I felt."* (Alumni 14). Some even recognize this experience as more valuable than their education in preparing for the corporate world: *"I felt prepared, and that was partly because I had worked earlier, but also because of my studies, of course. But I would say that work is even more important."* (Alumni 6).

5. Discussion

This section discusses the study's empirical findings within the broader academic discourse, highlighting two key contributions: the identification of a new hard skills gap and the significant role of extracurricular engagement in shaping graduate employability.

5.1 New Hard Skill Gap - Challenging the Soft Skill Paradigm

The prevailing discussions surrounding the transition from higher education to the workforce have predominantly centered on a significant skills gap characterized by deficiencies in soft skills (Ismail et al., 2021; Robertson, 2021; Fazio & Pinder, 2014; Jeswani, 2016). However, this study's empirical findings challenge this singular focus, revealing an underemphasized yet critical hard skills gap within the context of the studied business institution. McGuinness et al. (2018) define a skills gap as a situation where employers perceive that employees lack the competencies needed to successfully perform their jobs, a shortfall that can lower productivity and increase labour costs due to the need for additional training and recruitment. Viewed through the lens of Human Capital Theory (Becker, 1964), this gap highlights an inefficiency in the return on investment for both graduates and employers, as firms are often compelled to bridge these skill deficiencies through additional firm-specific training. In this study, skill gaps were most evident in technical proficiencies, particularly software tools like Excel and PowerPoint, and in industry-specific knowledge. This finding contrasts with much of the existing literature's emphasis on soft skills, including teamwork, critical thinking, and communication (Azevedo et al., 2012; Braun & Brachem, 2015). Instead, this study highlights a demand for prerequisite practical, tool-based competencies, indicating a shift in employer expectations. While soft skills remain vital for long-term success, as supported by existing literature (Rehman & Mehmood, 2014; Weligamage & Siengthai, 2003; Alhaderi & Jellali, 2024), our findings suggest that a baseline level of technical proficiency now acts as a “hygiene factor” for employers. This implies that while strong interpersonal skills are crucial for career progression, a lack of fundamental hard skills can hinder initial screening and entry into the workforce. This pragmatic perspective, introduced by our empirical findings, suggests that although hard skills are vital for screening, they challenge the literature's focus on immediate work-readiness as driven by soft skills (Mason et al., 2009) and the belief that the skills gap is due to student unawareness (Scott et al., 2019; MacDermott & Ortiz, 2017). Rather, it points to a potential misalignment between traditional business education and the increasingly data-driven demands of modern industries.

Reflecting upon this challenge to the traditional soft skill paradigm, questions arise about the applicability of Becker's (1964) Human Capital Theory in rapidly transforming industries. While this

study extends the theory by demonstrating the dynamic and context-dependent valuation of skills in the evolving labor market, specifically highlighting the newfound importance of practical technical skills, it also raises critical questions about the theory's straightforward applicability when faced with rapid technological change. The observed disparity between theoretical academic knowledge and the immediate practical application demanded by employers underscores the importance for educational institutions to swiftly align their investments with the dynamic demands of the labor market to yield tangible productivity gains, as Marginson (1989) posits. This research highlights the necessity of prioritizing practical skill development, particularly in areas like software proficiency, to ensure that graduates' human capital is readily applicable in the workforce from the outset. However, this raises concerns about the potential for educational institutions to adequately adapt to the accelerated pace of technological change. Suppose the composition of valuable human capital is so heavily reliant on the current work environment, as suggested by this study's empirical findings. In that case, traditional educational models may struggle to provide graduates with the most relevant and up-to-date skills, potentially leading to a persistent hard skill gap. This raises the possibility that the skills gap is not merely a matter of specific deficiencies but also a systemic issue reflecting the inherent lag between academic curricula and industry demands. Furthermore, the distinction between skills required for job acquisition (where foundational technical skills act as a "hygiene factor") and those necessary for effective job performance (where soft skills become increasingly crucial) reveals that the skills gap is not a static concept but rather a dynamic interplay between initial educational investments and ongoing workplace adaptation (Acemoglu & Autor (n.d), underscoring the limitations of current educational models in keeping pace with rapid industry and evolution and reinforcing the need to address this "new" hard skill gap.

The deviation from prior research on the soft skills gap can be partly attributed to the pedagogical strategy of the studied business institution, which appears to have successfully strengthened students' interpersonal and collaborative abilities. Consistent with Becker's (1964) Human Capital Theory, the institution's emphasis on group work, presentations, and case-based assignments cultivates soft skills that are often reported as lacking in cross-institutional studies (Andrews & Higson, 2008; Blasko, 2002). Graduates frequently highlight these experiences as instrumental in bridging theoretical knowledge and real-world application, challenging Knight and Yorke's (2003) argument that work placements are the primary route to employability. However, while this approach seems to have addressed the soft skills gap noted in previous literature, it has unintentionally exposed a different shortfall: technical, tool-based proficiency. Alumni commonly report needing substantial on-the-job training in industry-specific knowledge and technical areas, despite entering the workforce with strong

theoretical understanding and collaborative skills. Viewed through the lens of Human Capital Theory (Acemoglu & Autor, n.d; Kucharcíková, 2011; Weiss, 2015; Goldin, 2016), this suggests that the institution's strategy represents a deliberate investment in employability through graduates' practical competence, aiming to mirror industry demands and optimize the return on educational investment. However, this strong focus on soft skills and collaborative development appears to have unintentionally deprioritized the cultivation of technical, tool-based proficiencies, reframing the gap identified in earlier studies from soft to hard skills.

Interestingly, this situation is further illuminated by the business institution's reputation and its signaling function in the labor market as noted by Acemoglu and Autor (n.d). The business institution's reputation serves as a powerful signal of quality to employers, reassuring them that graduates possess the required cognitive and interpersonal skills for entry-level roles. This signaling effect may, however, inadvertently hide the underlying gaps in technical proficiencies identified by this study's empirical findings. Alumni reports further underscore this gap. They perceived a shift from an 80/20 emphasis on hard skills during their education to a more balanced 50/50 distribution in the workplace. This divergence between alumni perception and this study's identified hard skills gap in practical technical tools suggests a potential misalignment. While the institution may emphasize certain hard skills, perhaps leaning towards theoretical knowledge, employers increasingly demand more applied technical competencies. This highlights a critical "new" hard skill gap that challenges the traditional soft skill paradigm in discussions of graduate employability.

Furthermore, this study broadens the understanding of soft skills. While existing research emphasizes problem-solving, adaptability, leadership, teamwork, and continuous learning (Rehman & Mehmood, 2014), this study's findings highlight the growing importance of trust, reliability, initiative, proactivity, and cultural fit. This shift aligns with literature recognizing the strategic value of interpersonal and intrapersonal qualities like emotional intelligence, critical thinking, and adaptability in today's complex workplaces (Weligamage & Siengthai, 2003; Alhaderi & Jellali, 2024). Therefore, employers are looking beyond traditional soft skills. This evolving view, combined with the identified hard skills gap, underscores the need for a comprehensive approach to skill development, encompassing both technical and interpersonal abilities.

Additionally, the context-dependent nature of skill requirements, as highlighted by Blasko (2002) and Teixeira-Alvarez et al. (2013), is reflected in this study. Alumni described how their soft skills provided a strong foundation, while technical proficiency, especially in industry-specific tools like programming

or financial analysis, often required on-the-job training. However, consulting emerged as an exception with several alumni emphasizing that the business institution prepared them particularly well for consulting roles, highlighting a strong alignment between academic training and industry expectations. This alignment is likely directly related to the lower level of technical on-the-job training reported by consulting graduates, compared to peers in other fields. This variation in technical skill relevance, shaped by factors such as role, sector, and company, reinforces Blasko's (2002) argument that graduates draw on a flexible mix of competencies, adapting their skillset to meet the specific demands of their work environment. This observation also supports Teixeira-Alvarez et al. (2013)'s call for a shift in university curricula toward more specialized, role-aligned training. Employers highlighted a clear disparity between graduates from the business institutions' business program and those from more technically oriented institutions, particularly in data handling and analytical tools. Consequently, this variability in required technical expertise contributes to the study's finding that employers do not expect graduates to perform at a high level from day one. Reflecting the notion of hard skills as an essential "hygiene factor" for entry, employers anticipate a period of adjustment and firm-specific training, considering this basic technical competence as an indicator of potential rather than proof of complete work-readiness. This expectation of ongoing skill development directly challenges the notion of seamless skill transferability often prevalent in the literature (Schlee & Kerns, 2017; Washor, 2015; Mainga et al., 2022; Kavanagh & Drennan, 2008) and reinforces the context-specific nature of employability highlighted by Hillage & Pollard (1998). Consequently, the hard skills gap identified in this study is not a uniform deficiency but rather a flexible one, with its magnitude and specific requirements being directly proportional to the technical demands of the industry and the responsibilities of the particular role.

Lastly, while the preceding analysis highlights a gap between the hard skills fostered by the business institution and the demands of employers, insights from both alumni and employers suggest that the urgency of completely closing this gap may be overstated, especially when considering the evolving nature of the professional landscape. Like previously stated, employers generally recognize that the specific balance and depth of hard and soft skills will naturally vary depending on the industry and specific roles. Consequently, while graduates may possess a solid foundation in both skill sets, employers expect the finer nuances needed for particular job functions to be developed through industry-specific, on-the-job training. This implies that an immediate, uniform proficiency in technical tools may not be a realistic or even desirable expectation. Alumni also raise concerns about the long-term relevance of certain technical skills, especially with the rise of automation and artificial intelligence. With advancements like ChatGPT, tasks traditionally considered core hard skills, such as

building valuation models or calculating cash flows, are increasingly being automated, prompting graduates to question the enduring value of these competencies. Considering employers' expectations of on-the-job specialization and alumni reflections on the growing influence of AI in technical work, the hard skills gap identified in this study may not reflect a flaw in education but rather a natural outcome of the dynamic interplay between academic training, specific industry demands, and technological advances reshaping the workplace.

5.2 The Importance of Extracurricular Activities

Given the “new” hard skill gap and the dynamic professional landscape, adaptability is vital for individuals navigating sustained careers beyond initial employment (Aamodt & Havnes, 2008; Rehman & Mehmood, 2014). This necessitates a re-evaluation of higher education curricula, emphasizing continuous skill acquisition as a foundation for long-term employability (Yorke, 2006). The empirical findings of this study, based on alumni from the studied business institution, align with this theoretical perspective, revealing a strong correlation between the institution's proactive curriculum, incorporating emerging trends like AI and digital transformation, and graduates' perceived ability to navigate complex work environments. This suggests that the rapid integration of relevant industry trends into academic programs fosters a transferable adaptability, equipping graduates to manage future workplace changes.

However, while the institution's curriculum is proactive, this study also highlights the critical role of extracurricular activities in bridging potential gaps in formal education, particularly regarding real-world adaptability. Alumni perceived extracurricular experiences, such as internships and part-time jobs, as essential components in developing the required competencies to thrive in an ever-evolving labour market. These experiences functioned as dynamic learning environments, mirroring the fast-paced and unpredictable modern workplace. As society and technology continue to evolve rapidly, employer expectations have also shifted. Today's graduates are not only expected to possess strong foundational knowledge but also the skills necessary to navigate an increasingly dynamic landscape. The rise of digital transformation and the integration of AI have redefined the skills employers prioritize. In this context, extracurricular activities provided students with the opportunity to engage with these emerging themes beyond the classroom, further reinforcing their adaptability and applied understanding of the contemporary challenges. Although both academic literature and the empirical findings of this study reflect these shifts, the literature has largely overlooked the role of extracurricular activities in closing the skills gap, an area this study brings to the forefront. By highlighting this often underexplored dimension, the findings underscore the need for a

more holistic approach to graduate preparedness that integrates both curricular and extracurricular learning.

While Human Capital Theory (Becker, 1964) recognizes training for skill development as essential, it does not explicitly define the role of extracurricular experiences in shaping graduates' competencies. However, our findings indicate that these experiences act as critical complements to formal education, fostering practical knowledge, enhanced problem-solving capabilities, and quicker adaptation to workplace demands. By “hinging” academic knowledge to concrete situations, alumni demonstrate a practical applied understanding, reinforcing the importance of experiential learning in higher education, which is crucial to navigate modern career trajectories. Moreover, this study expands the definition of Human Capital and acknowledges that individuals actively invest in their development through diverse avenues beyond the traditional classroom, anticipating enhanced career prospects and higher returns in terms of wages and job opportunities. In essence, this study reveals that employers are increasingly assessing the cumulative human capital of graduates, one that encompasses not only academic qualifications but also the personal and professional competencies gained through extracurricular engagement.

Crucially, this study demonstrates that alumni themselves recognize the significant value of extracurricular activities during their studies. These activities are seen as a vital complement to their academic education, providing hands-on experiences that greatly enhance their professional readiness. Alumni also reflected on the highly competitive environment of the business institution, marked by high expectations and constant peer comparison. This competitive atmosphere appears to have driven students to actively seek out extracurricular activities, viewing them as a strategic tool for standing out in the job market and for acquiring skills that set them apart from their peers. The intensity of academic pressure, coupled with the awareness of the competitive landscape, cultivated a culture in which extracurricular activities were not just encouraged but expected. Within this context, students developed a clear understanding of the need for a well-rounded profile, one that extended beyond academic achievement. As such, extracurricular activities became increasingly important for students' efforts to prepare for their future careers and meet employer expectations. Here, extracurricular activities served not only as a means of skill development but also as a way to signal ambitions, initiative, and distinctions in a high-performance environment. This dynamic, where institutional culture and peer-driven pressure shape extracurricular participation, has been largely overlooked in the existing literature on employability and the skills gap. Prior research tends to emphasize extracurricular activities as a means for theoretical knowledge application or as attributes valued by

employers in isolation. In contrast, the findings of this study highlight the interplay between institutional expectations, student initiative, and professional aspirations, offering a more nuanced understanding of the role extracurricular activities play in graduate development. Moreover, while existing literature largely adopts the employer's perspective on extracurricular value (Finch et al., 2013; Alhaderi & Jellali, 2024; Teijeiro-Alvarez et al., 2013; Crebert et al., 2004), this study challenges the assumption that such experiences are primarily about applying academic theory. Instead, employers were found to value extracurricular engagement as evidence of transferable skills and key personal attributes, such as creativity, leadership, time management, and adaptability, that are increasingly critical in the workplace. This distinction highlights a gap in the literature, where previous research has focused on theoretical application, while this study draws attention to the broader skill set and qualities that extracurricular activities helps to foster, those that ultimately enhance employability in a rapidly changing professional landscape.

6. Overall Conclusion

This section concludes this study by synthesizing the empirical findings, emphasizing the identification of a “new” hard skills gap and the significant role of extracurricular activities in shaping graduate employability. It then discusses the practical implications of these findings and proposes avenues for future research, along with this study's limitations.

6.1 Summary of Findings

In conclusion, this study reveals a nuanced answer to the question of how well a business institution's management alumni's skills and capabilities align with employer expectations. The findings indicate a general alignment in terms of soft skills, likely attributable to the study's business institution's pedagogical approach. However, a significant misalignment emerges in the form of a “new” hard skill gap, particularly in technical proficiencies such as software tools, including Excel, PowerPoint, and programming, and industry-specific knowledge. This gap suggests that while alumni possess the interpersonal and collaborative skills valued by employers, a deficit in certain technical competencies exists.

Furthermore, this research highlights the critical role of extracurricular activities in shaping graduate employability. Alumni engagement, including internships and part-time jobs, significantly contributes to the development of practical skills, adaptability, and a broader understanding of the professional landscape, which employers value. These extracurricular activities help to bridge some of the gaps identified, particularly in the application of knowledge and the development of transferable skills.

These results contribute to the literature in several key ways. First, the study challenges the prevailing emphasis on soft skill deficiencies in graduate employability by identifying and empirically demonstrating a “new” hard skill gap. This finding calls for a re-evaluation of the existing literature, which has largely focused on the importance of soft skills, and highlights the need for a more balanced approach to skill development in higher education. It also extends the application of Human Capital Theory by illustrating how the definition of valuable skills is evolving, with technical proficiency becoming increasingly important for labor market entry.

Second, the study expands our understanding of the role of extracurricular activities in graduate employability. While previous research has acknowledged the value of experiential learning, this study provides empirical evidence of its significant impact on developing crucial skills and attributes beyond the formal curriculum. It demonstrates that extracurricular engagement fosters practical knowledge, problem-solving abilities, and adaptability, which are highly valued by employers. This finding

contributes to the literature by highlighting a previously underemphasized dimension of graduate preparedness and suggesting that a more holistic approach, encompassing both curricular and extracurricular learning, is necessary.

In essence, while the business school management alumni demonstrate strengths in areas fostered by the institution's focus on soft skills and experiential learning, a need for greater emphasis on technical hard skills is evident to ensure a more complete alignment with employer expectations.

6.2 Practical Implications

The findings of this study present relevant insights for students, employers, and, more indirectly, business institutions aiming to better support graduate employability.

For students, the results highlight the importance of actively cultivating a broad skill set that includes both interpersonal abilities and concrete technical competencies. In particular, participants' reflections point to the rising relevance of specific hard skills, such as digital tools or technical software, which are increasingly expected in early-career roles. This suggests that students should be strategic in identifying and pursuing opportunities to develop such capabilities, whether through elective courses, internships, or extracurricular activities. Moreover, the value placed on extracurricular engagement across participants' experiences reinforces the need for students to engage in practical experiences that demonstrate initiative, adaptability, and real-world competence.

For employers, the study underscores the importance of maintaining a balanced perspective when evaluating graduate work-readiness. While interpersonal competencies remain fundamental, the evolving expectations around technical proficiency must not be overlooked. Developing structured onboarding processes and investing in training programs can help bridge identified gaps in technical proficiency.

For business institutions, while not the central focus of this study, the findings still carry implications. The emphasis on hard skills and practical experience highlights a need for curricula to better reflect the realities of the job market. This may involve supporting student engagement in applied learning opportunities and ensuring that existing courses evolve in line with industry developments. In this context, educational programs serve not simply as providers of knowledge but as facilitators of meaningful skill development that spans both academic and extracurricular domains.

6.3 Limitations and Future Research

While this study offers valuable insights into the perceived skills gap and the role of extracurricular activities for business and management master's graduates, several limitations should be acknowledged. These limitations inform the interpretation of the findings and suggest direction for future research.

This study did not account for whether alumni completed their degree within the prescribed time frame or entered with prior work experience, both factors that could shape perceptions of employability. Future research should control for these variables to more accurately assess the isolate the master's program's impact.

Additionally, the employer perspectives in this study may reflect long-term impressions of graduates from the institution rather than the recent cohort, specifically, potentially introducing bias. Future research could address this by ensuring employer feedback is tied explicitly to recent graduates. It also remains uncertain whether alumni can distinguish between skills gained from the master's program and those acquired through earlier education or professional experiences, a challenge that longitudinal studies could more effectively address.

In terms of broader directions, this study has identified three interesting avenues for future research. Firstly, a central area for further investigation is the evolving gap in hard skills. Although this study suggests a growing emphasis on technical competencies, future research should involve longitudinal studies tracking students from program entry through their early careers, providing deeper insights into how these skills develop and influence long-term employability. Additionally, research should evaluate which pedagogical strategies within business schools are most effective in fostering these competencies. Secondly, the role of extracurricular engagement also requires closer examination. While alumni and employers recognized its importance, future research could explore which types of extracurricular activities are most strongly correlated with enhanced employability and specific skill development. Mixed methods could yield a more nuanced understanding of the advantages derived from different forms of engagement. Lastly, an important research direction involves graduates' preparedness of graduates for the job search process itself. This study, like much of the existing literature, primarily focused on job performance readiness after securing employment. However, the ability to navigate modern recruitment processes, such as crafting application materials and excelling in interviews, remains underexplored. Future research should investigate how well graduates are equipped for these stages and how institutions can better support them in this transition.

7. References

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8. Appendices

8.1 Appendix A - Interview Questions for Alumni

Background and introduction

1. Tell us about your current role and employer.
Berätta om din nuvarande roll och arbetsgivare.
2. How did you get your current job? For example, through networking, the career portal, recruitment agencies, or a regular application.
Hur fick du ditt nuvarande jobb? Etc genom nätverk, skolans karriärsida, rekryteringsföretag, "vanlig" ansökan
 - a. Did you feel that employers valued your academic achievements, or were other factors (e.g., internships, networking, extracurricular activities) more important in the hiring process?
Upplivede du att företag värderade dina akademiska framgångar främst eller fanns det andra, mer tungt vägande faktorer som internships, kontakter eller dylikt som var avgörande i anställningsprocessen?
 - b. Had you been in contact with [Employer] prior? Etc. Through school channels such as graduate events, or other contact channels, or events arranged by [employer]?
Hade du varit i kontakt med [arbetsgivare] innan? Etc genom skolaktiviteter, någon kontakt på företaget eller events anordnade av [arbetsgivare]?
3. For how long did you actively search for jobs, and how long did it take for you to sign with an employer?
Hur länge sökte du aktivt efter ett jobb och hur lång tid tog det innan du signade?
 - a. If struggling, what do you think were the main reasons?
Om du upplevde svårigheter, vad tror du var de främsta orsakerna?
 - b. What do you think was the main reason for getting the job you did?
Vad tror du var den främsta anledningen till att du fick jobbet?
 - c. The company you signed, was that a company you had previously worked at?
Var företaget du skrev på för ett där du hade jobbat tidigare?

Preparation and transition

1. How did you experience the transition from your master's degree to the workforce? In what ways did you feel prepared, and was there anything you felt you were lacking?
Hur upplevde du övergången från din masterexamen till arbetslivet? På vilka sätt kände du dig förberedd, och fanns det något som du upplevde att du saknade?
 - a. Was there anything that surprised you and that you felt your education hadn't prepared you for?
Var det någonting som överraskade dig och som du kände att utbildningen inte hade förberett dig för?
2. [If alumni have work experience, did you experience that the employer has higher expectations of you after the master's than after your bachelor's? I.e., did you experience higher expectations of yourself after the master's, reflecting on what was expected from you after the bachelor's?
Upplivede du att arbetsgivaren hade högre förväntningar på dig efter masterexamen än efter kandidatexamen? Med andra ord, upplevde du högre förväntningar på dig efter masterexamen, jämfört med vad som förväntades av dig efter kandidatexamen?
3. Which aspects of your education do you find have been most useful in your professional role? For example, group projects, individual courses, etc.
Vilka moment i din utbildning upplever du har varit mest användbara i din yrkesroll? Typ grupparbeten, individuella kurser, etc.
 - a. What knowledge/skills have you brought with you from these experiences?
Vilka kunskaper / färdigheter har du tagit med dig från dessa moment?
4. What challenges did you encounter when you started working?
Vilka utmaningar stötte du på när du började arbeta?

5. Did you have any mentors or contacts from the professional world during your studies?
Hade du någon mentor eller kontakt från arbetslivet under studietid?
 - a. If yes, how would you say they have influenced your employability?
Om ja, hur skulle du säga att den eller de har påverkat din anställningsbarhet?
6. How did you experience the training and onboarding you received from your employer? To what extent did you feel you needed to contribute your knowledge from your education to perform your job?
Hur upplevde du den utbildning och onboarding du fick från din arbetsgivare? I vilken grad känner du att du behövde tillföra egen kunskap från din utbildning för att kunna utföra ditt arbete?
 - a. Did you appreciate the onboarding you received? Was there anything you would have wanted differently?
Uppskattade du den onboarding du fick? Fanns det något du önskar skulle varit annorlunda?
7. Did you feel that the business institution provided enough real-world exposure (e.g., case studies, internships, projects with companies) to prepare you for your job?
Kände du att skolan gav tillräckligt med arbetsrelaterade erfarenheter (till exempel praktik, projekt med företag) för att förbereda dig för arbetsmarknaden?
 - a. If yes, what “real-world exposure” components did you appreciate the most?
Om ja, vilka arbetsrelaterade moment uppskattade du mest?
 - b. If not, what would have helped?
Om inte, vad hade du önskat istället?

Skills and knowledge gaps

1. What skills or knowledge did you feel you needed to learn when you started working that you didn’t gain from your education?
Vilka färdigheter eller kunskaper kände du att du behövde lära dig när du började arbeta, och som du inte hade fått med dig från utbildningen?
 - a. Were there any other practical or soft skills (e.g., project management, communication, problem-solving) that you wish you had received more training in during your studies?
Fanns det några praktiska eller mjuka färdigheter (till exempel projektledning, kommunikation, problemlösning) som du önskar att du fått mer träning i under studierna?
2. What soft skills (e.g., communication, teamwork, problem-solving) have been important in your job?
Vilka mjuka färdigheter (till exempel kommunikation, teamwork, problemlösning) har varit viktiga i ditt jobb?
3. How have soft skills versus hard skills been valued during the transition from student life to the workplace, in your opinion, and why?
Hur har soft skills kontra hard skills värderats under övergången från student till arbetsliv, tycker du och varför?
 - a. Which soft skills have been the most important? (Think EQ)
Vilka soft skills har varit viktigast? (Tänk EQ)
 - b. Which hard skills have been the most important? (Think IQ)
Vilka hard skills har varit viktigast? (Tänk IQ)
4. Were there any workplace technologies, software, or tools that you had to learn on the job that you wish had been covered during your studies?
Var det några arbetsrelaterade teknologier, programvaror eller verktyg som du behövde lära dig på jobbet och som du önskar hade täckts under dina studier?
5. Are there graduates from universities other than the business institution at your workplace?
Finns det nytutexaminerade från andra universitet än skolan på din arbetsplats?
6. Have you noticed any differences between the business institution graduates and graduates from other universities in your workplace? If so, in what ways?
Har du märkt några skillnader mellan skol- och alumner från andra universitet på din arbetsplats? Om ja, på vilka sätt?

The Connection Between Education and the Labor Market

1. In what ways did you feel that the education reflected the real demands and expectations of the labor market?
På vilket sätt upplever du att utbildningen reflekterade de verkliga kraven och förväntningarna på arbetsmarknaden?
2. You have had an internship, correct?
Har du haft något internship/praktikperiod?
 - a. If yes, what kind of internship?
Om ja, vad för praktik?
 - b. How did the internship contribute to preparing you for the workforce?
På vilket sätt har praktikperioden bidragit till att förbereda dig för arbetslivet?
3. How would you say that your expectations of entering the workforce have corresponded with the actual outcome?
Hur skulle du säga att dina förväntningar på att börja arbetslivet har stämt överens med verkligheten?
4. What was the biggest misconception you had about working life before starting your first job?
Vad var den största missuppfattningen du hade om arbetslivet innan du började ditt första jobb?

Recommendations and improvements

1. If you could give one piece of advice to current master's students at the business institution who are about to enter the workforce, what would it be?
Om du fick ge ett råd till nuvarande masterstudenter på skolan som snart ska ut i arbetslivet, vad skulle det vara?
2. Is there anything you believe the business institution should change or focus more on to better prepare students for the workforce?
Finns det något du anser att skolan borde förändra eller lägga mer fokus på för att bättre förbereda studenter för arbetslivet?
3. If you could go back in time, what would you have done differently during your studies to better prepare yourself for the workforce?
Om du kunde gå tillbaka i tiden, vad hade du gjort annorlunda under din studietid för att förbereda dig bättre för arbetslivet?
4. Do you feel the business institution prepared you to adapt to an evolving job market, especially with emerging trends like AI, sustainability, or digitalization?
Känner du att skolan har förberett dig för att anpassa dig till en föränderlig arbetsmarknad, särskilt med framväxande trender som AI, hållbarhet och digitalisering?

The Future

1. How do you view your future employability? Do you feel confident in your ability to find new job opportunities if you want to switch jobs or industries?
Hur ser du på din framtida anställningsbarhet? Känner du dig trygg i att kunna hitta nya jobbmöjligheter om du skulle vilja byta jobb eller bransch?
 - a. What does this confidence/lack of confidence depend on?
Vad beror denna trygghet/otrygghet på?
2. Have you felt that your education has provided you with a broad set of skills that make it easy to adapt to changes in the labor market?
Har du upplevt att din utbildning har gett dig en bred kompetens som gör det lätt att anpassa dig till förändringar på arbetsmarknaden?
3. Do you feel that you have the tools and network needed to navigate and create new career opportunities in the long term?
Känner du att du har de verktyg och nätverk som krävs för att navigera och skapa nya karriärmöjligheter på lång sikt?

Last question: Is there anything you wish to add relating to the topics we have touched upon?

Sista fråga; Finns det någonting du känner att du vill tillägga kopplat till de ämnen vi rört vid?

8.2 Appendix B - Interview Questions for Companies

Background

1. Tell us about your role and the occasions when you come into contact with recent graduates from the business institution

Berätta lite om din roll och vid vilka tillfällen du kommer i kontakt med de nyexaminerade från skolan

Expectations and competency requirements

1. What skills and competencies do you expect a newly graduated master's student from the business institution to have?

Vilka färdigheter och kompetenser förväntar ni er att en nyexaminerad masterstudent från skolan ska ha?

2. How well do you think these students meet your expectations when they start working with you?

Hur väl tycker ni att dessa studenter uppfyller era förväntningar när de börjar arbeta hos er?

3. Are there specific areas where they excel particularly well?

Finns det specifika områden där de utmärker sig särskilt väl?

4. Are there specific areas or tasks where you often see recent graduates struggle to perform in the beginning?

Finns det specifika områden eller arbetsuppgifter där ni ofta ser att nyexaminerade har svårt att prestera i början?

5. How well prepared are the business institution's students to handle feedback and criticism in the workplace?

Hur väl rustade är studenter från skolan för att hantera feedback och kritik i arbetslivet?

6. Is it a requirement for you that a newly graduated student has relevant work experience from part-time jobs or internships?

Är det ett krav från er att en nyexaminerad ska ha relevanta arbetslivserfarenheter sedan tidigare? Antingen från deltidsjobb eller praktik

- a. If yes, why?

Om ja, varför?

- b. If not, is it considered an advantage in your eyes? How common is it for you to recruit recent graduates from the business institution without relevant experience?

Om nej, är det meriterande i era ögon? Hur vanligt är det att ni rekryterar nyexaminerade från skolan utan relevant erfarenhet?

7. How do you view the relationship between academic qualifications (grades, awards) and other experiences (internships, volunteer work) when recruiting recent graduates?

Hur ser ni på förhållandet mellan akademiska meriter (betyg, utmärkelser) och andra erfarenheter (praktik, ideellt engagemang) när ni rekryterar nyexaminerade?

8. Do you accept part-time employees/interns at your company?

Tar ni emot deltidsanställda / interns hos er?

9. What is your view on the balance between soft and hard skills in a newly graduated student? What is most important and why?

Hur ser ni på balansen mellan soft och hard skills hos en nyexaminerad? Vad är viktigast och varför?

- a. Which soft skills do you consider most important, and how well do the students meet your expectations? (Think EQ)

Vilka soft skills anser ni vara viktigast och hur väl uppfyller de [studenterna] era förväntningar? (Tänk EQ)

- b. Which hard skills do you consider most important, and how well do the students meet your expectations? (Think IQ)

Vilka hard skills anser ni vara viktigast och hur väl uppfyller de [studenterna] era förväntningar? (Tänk IQ)

Practical and theoretical skills

1. How do you perceive the balance between theoretical knowledge and practical application from the recent graduates?

Hur upplever ni balansen mellan teoretisk kunskap och praktisk tillämpning från de nyexaminerade?

Adaptability and work-readiness

1. Do you find that newly graduated master's students can quickly adapt to the work environment and company culture?

Upplever ni att de nyexaminerade masterstudenterna kan anpassa sig snabbt till arbetsmiljö och företagskultur?

2. What challenges do they typically face during their initial time with you?

Vilka utmaningar stöter de oftast på under sin första tid hos er?

3. Do you feel that they possess sufficient independence and problem-solving skills to handle their tasks?

Upplever ni att de har tillräcklig självständighet och problemlösningsförmåga för att klara sina arbetsuppgifter?

4. What does your onboarding process look like for newly graduated master's students?

Hur ser eran onboarding process ut för nyexaminerade masterstudenter?

Recruitment and future improvements

1. How easy is it for you to recruit for the positions you advertise?

Har ni lätt att rekrytera till de tjänster ni lägger ut?

2. Are there specific industries or roles where you see that business institution students are particularly sought after?

Finns det specifika branscher eller roller där ni ser att studenter från skolan är särskilt eftertraktade?

3. Do you tend to hire newly graduated master's students from the business institution over candidates from other universities, and if so, what makes you rank them higher?

Väljer ni, i högre grad, att anställa nyexaminerade masterstudenter från skolan framför kandidater från andra lärosäten, och i så fall, vad är det som gör att ni rankar dem högre?

4. What skills or experiences would you like to see more of in future graduates from the business institution?

Vilka kompetenser eller erfarenheter skulle ni vilja se mer av hos framtida nyexaminerade masterstudenter från skolan?

5. Do you have any suggestions for how the business institutions' education could be improved to better prepare students for the workforce?

Har ni några förslag på hur utbildningen kan förbättras för att bättre förbereda studenter för arbetslivet?

6. Do you have any collaborations with the business institution where you meet/work with students and/or faculty?

Har ni något samarbete med skolan där ni träffar/ arbetar med studenter och/ eller fakulteter?

- a. If yes, what kind of collaboration?

Om ja, vad för samarbete?

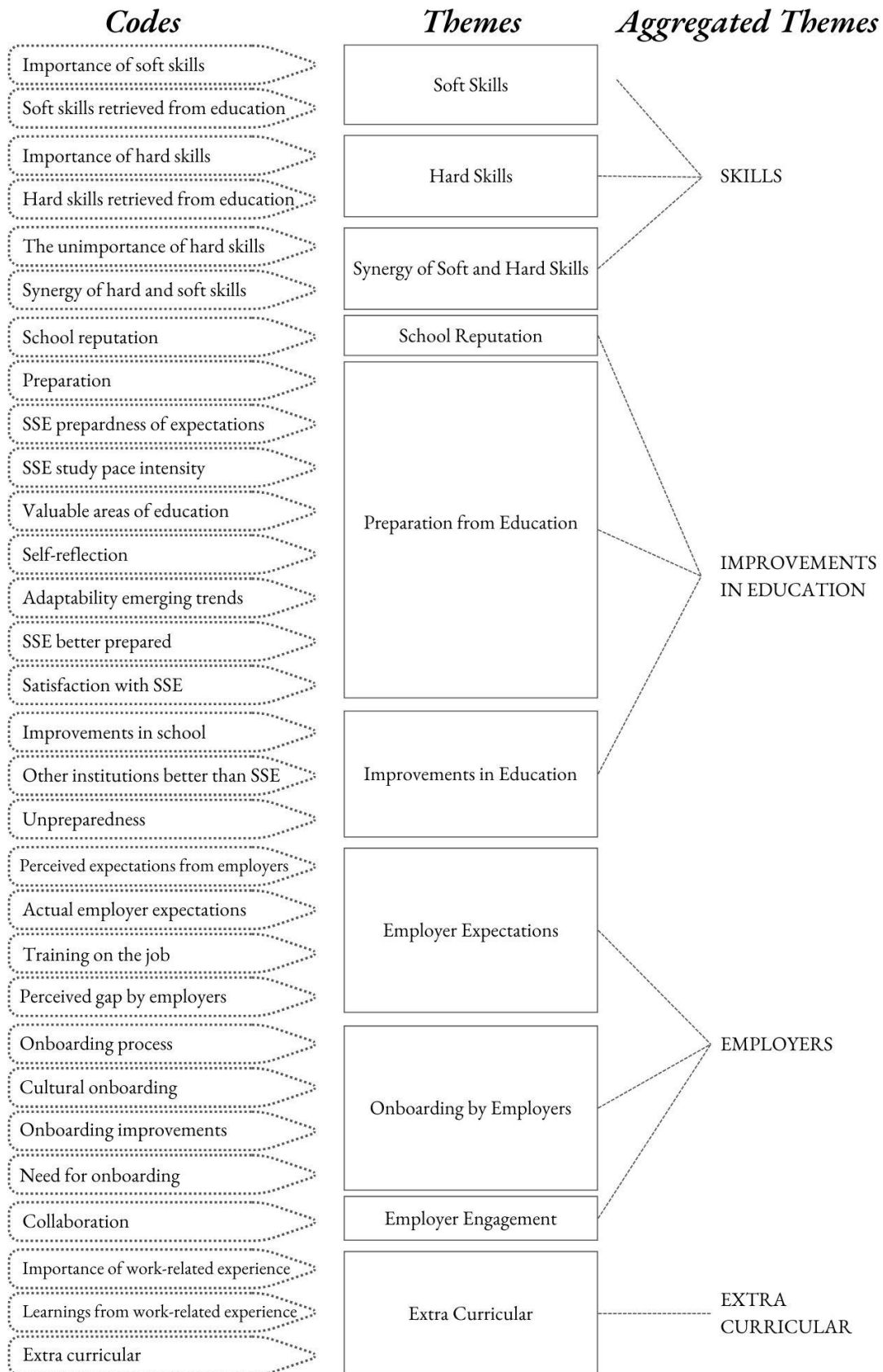
- b. If not, is there something you would like?

Om nej, är det någonting ni önskar?

Last question: Is there anything you wish to add relating to the topics we have touched upon?

Sista fråga; Finns det någonting du vill lägga till kopplat till de ämnen vi har berört?

8.3 Appendix C - Codes and Themes for Qualitative Data



8.4 Appendix D - Artificial Intelligence

Artificial Intelligence (AI) tools have been employed in this thesis to enhance efficiency and writing quality, although to a limited extent. Firstly, ChatGPT has been used for tasks including shortening sections, providing alternative phrasing, and translating interview questions between Swedish and English, using prompts like *“Make this text more concise while keeping the main content”* and *“Translate to [language]”*. Additionally, ChatGPT was used to generate initial interview questions for alumni and companies, through prompt formats such as *“Can you provide questions that can be asked to newly graduated master's students of a business and management program to assess their readiness for work life after graduation?”*. Each suggestion provided by ChatGPT has been carefully reviewed by both authors to mitigate the risk of inaccuracies and disinformation, thereby ensuring a correct and reliable dissertation. Secondly, Grammarly, integrated into Google Docs, was utilized to check for spelling, grammar, and punctuation errors, as well as suggest word substitutions. Lastly, an AI tool integrated into Microsoft Teams was used for initial transcription of the interviews. The authors manually reviewed and corrected the transcriptions using the interview recordings, effectively mitigating the risk of inaccuracies in the AI-generated transcripts and ensuring empirical accuracy. While these AI tools have contributed to the writing process, all AI-generated suggestions have been critically assessed by the authors to maintain the quality, clarity, and accuracy of the thesis.

The use of AI tools in the thesis writing process has proven beneficial in several aspects, particularly in enhancing efficiency without compromising quality. Tasks like transcription, translation, and summarization of complex or lengthy texts were significantly streamlined through AI support. At the same time, this experience has underscored the need for careful use of AI, as the use can sometimes lead to misleading or inaccurate results. This has reinforced the importance of using such tools with caution rather than blindly trusting their outputs, while maintaining a critical mindset.