

## Review of Business Education in India - A Perspective

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**Abstract:** *Currently business management education is perhaps the most commercialized of all the higher education programmes in India. Thanks to glossy advertisements in the media/websites/publicity brochures and tall claims made by every business school, both branded and mediocre, regarding the infrastructure, faculty, program package, industry placement, on campus recruitment, tie up with overseas universities and foreign education tours, the management education has caught the attention of news magazines. The ranking of B schools by the reputed English magazines periodically illustrates the significance attached to B-education in India. The mushrooming of business schools, especially in the private sector, as a consequence of the liberalized recognition policy of the government and the malleable affiliation procedures of the local universities or, for that matter, of even the national affiliating bodies, have left the standard and quality of education much to be desired. There seems to be lot of money that can be mopped up by every business management institute from the anxious students who are keen to get the much sought after MBA degree at any cost. Obviously the standard and quality of the course are at huge risk and unless stringent measures are taken to stem the rot the prospective students of hundreds of business management institutes face the risk of becoming unemployable in both organized and unorganized sectors of Indian economy.*

**Key Words:** *Education, Management, Economic growth, Liberalization, Quality & Standards*

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### INTRODUCTION

Business management schools in India are relatively of recent origin started not more than four decades ago. Apart from Indian Institutes of management and a few Indian institutes of technology offering specialization in industrial management/economics at the post-graduate level, there was scarcely any recognized business school till the mid-eighties. The reasons are not far to seek. The Indian organized industrial sector was narrow and, for a pretty long time, the demand

for business administration personnel used to be mostly met by recruiting graduates trained in commerce/accountancy and economics. Private business schools started emerging only since the mid 80s and their growth became phenomenal since the early 90s, obviously as a result of the increasing demand for MBA graduates by the industries in the era of Liberalization, Privatization and Globalization (LPG). Globalization and liberalization of Indian economy since 1991, emergence of Corporate sector as a major player in economic growth, liberal business education policy (including collaboration with foreign business schools), aspirations of all professional graduates for a degree in management, encouraging campus recruitment along with attractive pay package, and entry of private sector to the area of business management education have all triggered the expansion of business management education in India. These days MBA degree is perhaps the most sought after post graduate program in India, and the growing of business management schools along with diversification of management education covering new areas like agribusiness management, media management and hospital management and so on has taken place with over 1700 business schools/institutions producing over one lakh MBA graduates every year. A stage has reached where in management education is needed in every sector where principles of management are useful.

The rising of business management schools has led to a situation of islands of excellence, but a sea of substandard institutions. As a result of which, there are many maladies and concerns of business management education. Different admission tests and various accreditation standards, declining standards in teaching, research and consultancy services, expansion of business education in private sector, inadequate regulatory system in case of private business schools with foreign university collaboration, more emphasis on physical landscape and less on intellectual landscape, lack of vision on future development path of the institutions, scarcity of quality faculty and lack of effective quality assurance system could be identified as the major maladies and concerns of business management education in general.

## **QUALITY AT RISK**

At present business management education is perhaps the most commercialized of all the higher education programs in India, what with glossy advertisements in the media / websites / publicity brochures and tall claims made by every business school - both branded and mediocre - regarding the infrastructure, faculty, program package, industry placement, on campus recruitment, tie up with overseas universities and foreign 'education' tours. The mushrooming of business schools, especially in the private sector, consequent upon the liberalized recognition policy of the government and the malleable affiliation procedures of the local universities or, for that matter, of even the national affiliating bodies, have left the standard and quality much to be

desired. There seems to be lot of money in that can be mopped up by every business management institute from the gullible students who are otherwise keen to get the currently coveted MBA degree at any cost.

Obviously the standard and quality of the course are at huge risk, and unless something is done to stem the rot that has set in the business management education in India at present, the prospective products of hundreds of business management institutes run the risk of becoming unemployable in either of the two segments of the Indian economy - organized as well as unorganized.

Currently there is an incredible range of management institutions in India with equally widely divergent curriculum and examination system. These institutions differ widely with regard to the quality of students admitted and the admission process, didactic methods, industry placement, faculty development and infrastructure. There is virtually no coordination of the otherwise heterogeneous courses of these institutions. Based on the nature of ownership, affiliation to controlling bodies and autonomy in regard to the curriculum and examination system, one can identify four broad groups of business schools in India. The first of these comprises those that are owned and managed by the central government, like the IIMs and IITs. The second group consists of those that are locally run ( by the universities as well as private institutions) but are recognized by the AICTE and are affiliated to the central or state universities. The third group is represented by the umpteen 'autonomous' management institutes, most of which are run by the privileged institutions including minority educational institutions, and they often award PG Diploma in management 'equivalent' to MBA degree under affiliation of AICTE. The last group comprises autonomous institutions like Symbiosis XLRI, ICFAI, IFIM, IBM and a number of foreign university affiliated universities.

One of the banes of management education in India has been the lack of post recognition or post affiliation surveillance on the quality of instruction and student evaluation in the institutes/colleges as also on the admission criteria. While the 'high profile' management institutes enjoy a sort of immunity from scrutiny by the relevant government bodies, the others often manage to hoodwink inspection by shortcut methods. So, circumventing regulations by institutions needs to be tackled by some objective and unyielding check mechanism by the central bodies like the AICTE and the concerned universities.

### **INTAKE QUALITY AND CURRICULUM STANDARDS**

A typical procedure stipulated by the AICTE / universities for allotment of 'seats' for admissions to the MBA / PGDBM programs in the private management education institutions affiliated to

universities and also the so-called autonomous institutes is that about half of the admissions are based on merit in the entrance test and is allotted by the government, while the rest is distributed under the management 'quota', which is also supposed to be on merit obtained by the candidates in the entrance test. In reality, however, the management quota turns out to be sort of discretion by the management depending on who coughs up the maximum money. This naturally leads to dilution in the entry level standards. The standard and structure of the curriculum also leave much to be desired. There is hardly any periodic review and modification under the coordinating eye of a central body. The AICTE's control is often confined to setting the initial approval norms and insisting on mandatory disclosure about things like the logistic facilities and the faculty, while the university boards of studies/ academic councils which have long since allowed the academic deterioration creep into virtually every faculty alike, have not been looking at the MBA curriculum and standards with any special attention.

So, in the absence of quality control, the MBA degrees produced by most management institutes in the country have turned out to be of the run of the mill type. Obviously the post-graduates from many management institutes fare no better than any other post-graduates in the job market although the degree has cost quite a bit of their parents' fortune. The AICTE which is basically meant to regulate the quality of technical education in the country is made to look into the development, quality and supervisory aspects of management education as well. How far the AICTE has succeeded in the quality control of management education has always been a debatable issue. Even the most ardent supporters of AICTE would admit that its' understanding of the peculiarities of management education as well as its approach and functioning need to be strengthened to a great extent. The main handicaps in this regard have been political intervention in the functioning of the AICTE, lack of a clear professional focus on its part in tackling the issues relating to management education and the rather bureaucratic approach of looking at management education.

All these point to the urgent need for an apex body exclusively meant to control and coordinate management education in India. AICTE is, after all, made for technical/engineering education and not for management education. Although the National Academic Accreditation Council (NAAC), an autonomous body for ensuring quality in higher education has been set up, the grades allotted to many management institutes do not actually reflect the commensurate quality, since the criteria used for grading institutions are not completely foolproof and there is lot of window dressing by the institutions. Management institutes are expected to be role models for corporate governance including the ethical standard, openness and transparency. However, the reality is that many of these institutions lack certain critical requisites for sound academic governance. These include, lack of involvement of a governing council, absence of an academic

advisory committee, inadequate interface with the industry, and lack of qualified, experienced and committed faculty.

There is a great divide between the academicians and industrial managers regarding the nature of academic administration and the structure of the curriculum to be followed in a typical business management school. There is hardly a blend of theory with industrial practice. Pragmatic business education calls for mature contacts with several existing scientific disciplines. In other words, it requires a multi-disciplinary approach. Business courses need to be taught by scholars, i.e., by the Ph.Ds trained to use scientific method to study various phenomena of business. Business schools need to draw faculty from many of the older academic disciplines such as economics, mathematics, psychology, and statistics. Unlike in the US or the UK where the business schools themselves train Ph.Ds in the various management disciplines, most management institutions in India recruit Ph.Ds from outside. The western business schools spend a lot of money on academic 'R and D' to train Ph.Ds for faculty positions by teaching them the basic business disciplines as well as scientific method and by directing their research toward important business problems. Unfortunately, the R and D efforts by most management education institutes in India are, at the most perfunctory. Instead of developing either their own human resources or recruiting Ph.Ds from outside on regular basis, most management institutes look for guest faculty.

The substance of the courses taught in business schools should come increasingly from their own research and from the business research published in standard journals. This stuff is increasingly theoretical and analytical rather than descriptive. This approach to business education has proved spectacularly successful in the western universities because thoroughly tested theories have immense practical value. The results of in house scholarship find their way into practical application through the training of MBAs in schools that produce new knowledge and the recruitment of those MBAs by the industry. It is the technically trained professional manager who can translate theories into practice. The success of business school in training a professional manager is reflected in the campus interviews by corporate recruiters who throng to the top schools year after year with attractive salary offers and present a vast array of attractive opportunities to woo the new MBAs in reputed business schools.

Despite the abundance of market evidence, there are skeptics who doubt the value of abstract and theoretical training for future business leaders. Partly, the skepticism arises from exaggerated claims of many business school deans / directors who claim that the schools they head even impart leadership training. Many business graduates have come to occupy responsible and important management jobs, like their counterparts in the faculties of engineering, law and humanities and there are some of them who have managed to reach the top rung of the ladder

with little schooling. The ability to lead a business depends largely on qualities of intellect and character that a good business school inculcates in its students in the course of its didactic programs.

To produce potential business leaders, a business school must recruit and admit students who possess, not just exceptional intellectual capacity, but other equally important attributes of leadership potential viz., integrity, courage, judgment, and ambition. This does not mean to suggest that the admission should be selective. Unless the business schools add something valuable to the mix, promising young men and women will not seek admission in business schools.

### **SOCIAL RESPONSIBILITY OF BUSINESS SCHOOLS**

The best professional schools teach their students how to learn from experience. In teaching their students how to reason about markets and how to evaluate evidence, the schools equip them to improve their own professional competence. The problems they encounter in the performance of their jobs combine with the theoretical knowledge the business provide, enrich it, and mold it into a powerful set of tools. Because we expect our students to be called on to put what we teach them to practical use, we regard it as our responsibility to teach them the limits as well as the uses of theory and to encourage them to develop an attitude of healthy skepticism, even toward accepted wisdom - even toward our own wisdom. A complete explanation of a business school's success, one that will illuminate the future of business education, requires a discussion of the demand side of the MBA marketplace.

Why do the big Indian business firms - and for that matter, even the multinational firms - hire the products of a few business schools paying hefty pay package? The answer lies partly in the changing scale and scope of modern corporate business and in the contribution of business schools themselves to change. The recruiters who hire management graduates come mostly from the large companies and the accountants, bankers, and consultants that serve them. Since the early 90s, there has been considerable increase in the number of people employed by these firms resulting in many fold increase in the real value of their assets and profits, and six fold increase their sales. This growth has been achieved by more than just an increase in size. Local and regional firms have become national and international. The customers served and the facilities and people managed by them reach around the world. The value of the assets they employ is immense; under the intense competition that is characteristic of the markets they serve; even small improvements in the management of those assets can spell the difference between profit and loss for the shareholders. Thus by producing successful managers of complex businesses, the business schools have great social responsibility to discharge.

## **THRUST AREAS IN MANAGEMENT EDUCATION**

Compared with the scientific and technical discoveries that gave us wonderful things like modern computers and satellite communication, jobs such as cash management, asset valuation and marketing of goods and services seem sterile and unproductive, but the appearance is misleading. Material benefits flow from doing these things well and their implications for the allocation of resources are real and significant. Large firms typically are far more diversified and decentralized than they were 30 years ago and must employ highly sophisticated systems for gathering and disseminating information of every sort. It is no accident that the business disciplines that have prospered most are those that improve the gathering, analysis, and flow of information, especially financial and marketing information. The MBAs in greatest demand are those with the best training in accounting and finance on the one hand and marketing on the other. Obviously, teaching and research in top business schools are concentrated in these two functional areas of management, and handsome salary premiums are paid to professors who teach them well.

Top management of the larger firms is forced to rely increasingly on incentives in place of direct control. The internal organization of such firms, if they are to function efficiently, must more and more resemble the organization of a market economy. For this reason, formal training in economics - especially in industrial organization - is an increasingly valuable part of the education managers receive in business management schools.

Of all business disciplines, marketing and finance have always held a place of high value in management education. The intellectual respectability of these two areas is such that they have merged with the mainstream of economics; a significant part of the literature in these areas now appears in leading economics journals. Their practical value is evident from their widespread application in the marketplace. Productive scholarship was made possible by vast quantities of data for testing theories, large scale computers, and modern statistical methods. Just as the organized financial markets generated the data that provided the raw material for financial research, electronic point-of-sale equipment and computerized personnel records are now generating the raw material for scientific study in the applied business fields of marketing and industrial relations.

Firms hire management graduates, just as they hire engineers, scientists, and lawyers, for access to new technical knowledge. Business has always recruited leaders from the ranks of its best educated and most ambitious employees. That is why such a large proportion of the people who rise to the top are engineers, lawyers, and, increasingly, MBAs. As they rise, they make less and less use of detailed, technical knowledge and more and more use of general and fundamental

knowledge. The present students, as they graduate and reach higher professional ladders, will remember a lot of what the teachers have taught them that is to be sophisticated consumers of the information the most recent graduates produce for them; eventually they will be left with a mixture of what experience has taught them, a valuable residue of what teachers taught them, and the outstanding personal qualities that gained them admission to the business school in the first place.

However unpleasant it may seem to those who want us, teachers, to teach courses in entrepreneurship, leadership, and statesmanship, we are likely to become increasingly abstract and theoretical in our approach to business education as our success in finance and marketing is replicated in other disciplines. Our own institutional imperatives and the demands of the marketplace both tend in the same direction. All the best business schools are located in universities/deemed universities in which professors who excel in scholarship and scientific research command the greatest respect, gain the most rapid promotion, and earn the highest salaries. As for the MBA marketplace, the greatest catch a recruiter hopes to find is a graduate of a fine engineering school with an MBA in marketing and finance, ambitious enough to become chairman of the board, and patient enough to wait and work diligently for a few years, first, putting his technical knowledge to profitable use for the company. Best schools are encouraged by the market's enthusiastic acceptance of their students. These schools persist in their basic strategy: searching constantly for valuable new knowledge and teaching what their erudite professors discover, to the most promising young men and women whose ambition is to manage and lead the modern business in the promising but challenging times that lie ahead.

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