



Challenges on management education in India

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Abstract

In India, the traditional career choices were to become Engineer, Doctor, and Chartered Accountant etc. With the dynamism in the business environment the students started looking at management education for leading them towards a successful career. The need to have skilled resources to manage the challenges of the modern day business has seen a splurge in Institutes specializing in management education. There are an estimated 1,300 approved Management institutes in the country churning out over 1,25,000 full time and about 1,50,000 part time or distance learning management students every year. As per a study done by the Associated Chambers of Commerce and Industry (ASSOCHAM, 2013) ^[1] on the B-schools and Engineering Colleges in India, the campus placements have decreased by 40% in the year 2012. This in turn has led to decrease in the number of admissions subsequently and thus, over 180 schools have closed down in the major cities Mumbai, Delhi NCR, Kolkata, Lucknow, Dehradun etc.

Keywords: business, education, management training, skills, research, students

Introduction

Education system in India came into existence after the country gained Independence. Pandit Jawaharlal Nehru, the first Prime Minister of India envisaged the creation of centers of higher education outside the university system. The Planning Commission was set up to direct the development of the country. Pandit Nehru wanted to develop institutions like MIT, CALTECH, Sloan and Harvard Business School, which are seen as the global centers of academic excellence in technology and management. Management education in India is not very old in India. It began as a part-time education for practicing executives. In 1959, the Planning Commission invited University of California to guide in setting up management institutes at all India level. Subsequently the idea of Indian Institute of Management was conceived basis the recommendations of the Professor George Robbins from University of California. Later in 1962, Government of India established IIM in Calcutta and Ahmadabad in collaboration with the MIT Sloan School of Management and Harvard Business School respectively. By 1990, 82 university-based departments of management were functioning in India. Another IIM was established in Lucknow in 1986 and as of now we have more than a thousand institutes across the country. Once the ranking was introduced by COSMODE in 1988, the business schools started realizing the importance of updating curriculum, innovating teaching pedagogy, developing industry-academia linkage, improving intellectual capital of the institutes, providing coveted placements etc.

Significance of management education in India

Since the Indian Economy had undergone a lot of changes since the liberalization of the economy in 1991, the growth rate of the economy improved. With the growth of various sectors in the country, there emerged a need for new age managers and hence for B-schools those teach business concepts and inculcate professionalism in budding managers. The need to have skilled resources to manage the challenges of the modern day business has seen a splurge in Institutes specializing in management education. There are an estimated 1,300 approved Management institutes in the country churning out over 1,25,000 full time and about 1,50,000 part time or distance learning management students every year.

Current scenario of management education

However the state of many business schools (B-schools) today is not very promising. According to a study done by the Associated Chambers of Commerce and Industry (ASSOCHAM, 2013) ^[1] on the B-schools and Engineering Colleges in India, the campus placements have decreased by 40% in the year 2012. This in turn has led to decrease in the number of admissions subsequently and thus, over 180 schools have closed down in the major cities Mumbai, Delhi-NCR, Kolkata, Lucknow, Dehradun etc.

Plummeting growth of b-schools

As the graph below shows (Figure 1), the growth of B-schools in India have witnessed a sharp fall since 2009 (Shah, 2012). The prime reason certainly is the decline in job opportunities for new talent since the Global Financial Crisis of 2008. A further analysis of the growth of such institutions also shows that on an average annually a whopping 577 institutions got added between the years 2006-2011. Such a proliferation of

educational institutions certainly suggested something was wrong somewhere. Establishment of a business school needs serious envisioning, proper planning, sufficient funding commitment and clarity in terms of target segment. Unfortunately, many of the family-owned business groups missed out on realising the gravity of running a course in higher education and thought of this activity as either philanthropic or even worse, a source of profit.

Poor placement scenario

To further compound the problem, providing jobs to students in these schools became a daunting task. Figure 3 shows (refer first bar in the graph for each year respectively) a steady decrease in the percentage of students placed after MBA from an institute that is not in the top 20 ranking list (Shah, 2012). Only 29 percent of B-school graduates got a job after completing the course in 2011. Slowdown in the economy due financial crisis led to evaporation of rewarding jobs for students graduating from B-schools. For the class of 2013, even a few IIMs were found struggling for getting lucrative placements for their graduates. This article in Live Mint quoted placement officer at IIM-I, "Companies have played safe and some of them have frozen hiring." The chairperson of career development services at IIM-B also admitted that number of offers in 2013 were slightly lower than last year. An article by NDTV Profit states that in the last five years the number of B-schools has tripled. However, the job opportunities have not grown in the same proportion. The ASSOCHAM survey holds the view that many private schools just want to make money out of their investments and hence do not pay much attention to employability of its graduates. The secretary general of Assocham stated, "There is no quality control, the placements are not commensurate with fees being charged, the faculty is not good enough and there is no infrastructure."

Increased competition

Management institutes today are coming up with many variants of MBA courses, Executive MBA, Advanced Management Programmes, Online MBA, Distance Learning Programmes, Certificate Courses, and Diploma in Management etc. This has led to commoditization of management courses, which in turn has confused the target segment i.e., students. The total number of seats for MBA grew at a CAGR of 30 percent from 95,000 in 2006-07 to 3,60,000 in 2011-12. This has led to hyper competition of the institutes offering such courses. The lack of vision is also a big reason responsible for the present state of Indian management education. Many private schools are viewed by its 'trustees' as a source of minting profits by filling their admission seats mindlessly. The ASSOCHAM study shows that after spending 3 to 5 Lacs on an MBA course, only 10 to 12 % of the students are employable (excluding students from top 20 schools). Many of the students are drawing a salary of Rs 10,000 to Rs 15,000 only. The primary motive of any education system is making the students financially independent. Such figures clearly prove that the barring IIMs, most the MBA institutes have failed in achieving their bare minimum objective.

Lack of research & innovation

The management Institutions does not have culture that is in support of research. Absorbing a research culture requires a good library support system. Scholars should be invited to undertake research in certain areas of national interest. Regarding the research grant procedure there is a need to support more to individual project proposals. Promote those institutes who have adequate support system to start Ph.D. Programme. Due to expansion of management regulation there is a shortage of Ph.D. Guides and thus those who are interested in pursuing Ph.D. Degree they are enforced to register under the faculty of commerce. And due lack of management knowledge these research guides fails to guide the candidates in the area of management. The Business Schools need to promote a milieu of research based growth for its faculty and courses. It would be rewarding to have a two way collaboration with foreign universities and B-schools where in there are a consequential research outcomes to share especially with Indian context.

Lack of indigenous reference material

Indian authors contributed only 108 papers between 1990 and 2009 in top management journals (Abidi, 2012). This is about five papers a year. This is an alarming figure for a country that has over 20 elite B-schools that have the resources, trained faculty and meritorious students. India has gone a long way in achieving independence but is yet caught in the intellectual colonization for its reference material. There is also a dearth of indigenous case studies in Indian context. The leaders and faculties of most business schools are fascinated by the so called 'management-gurus' hyped by the media. We need to introspect before adopting any reference material in our pedagogy, whether it suits our business context or not.

Lack of industry linked training & mentorship

Although, case based teaching helps a student immensely in understanding the practical aspects of management concepts, there is no substitute of experience. Presently, there are not many institutes that take this issue very seriously. B-schools often send students for 'industrial visits' for one to two days in the name of industry linkages. However, industry mentorship is much more productive technique to ensure experiential learning for the students. An article in Times of India reported that apart from top 20 business schools like, IIMs only ten percent of graduates from business schools get placements. It is necessary to make the changes according to the

changing environment and basically to meet the challenges of liberalization, privatization and globalization. So, the management institutions should have linkages between business and industry and should understand their conditions and reorient teaching, training consultancy and research activities. Longer summer trainings should be essential for the students, perhaps even extended up to one full term. Assessments should be mandatory for the students and should be based on internship.

Ignorance of business ethics

Students should understand the practical aspects of work ethics, how ethics can be managed and developed at workplace, how individual judges his/her values, what are the contents of ethics. Ethics can be developed to motivate human resources at work place because “organization does not have ethics but the people have.” At present there is some difference between recruiter’s expectations and B-schools graduates. Institution can only help to enhance the skills, but will not be able to instill values among the future managers, unless the latter understands the importance of the same. Business ethics is something which we cannot compromise as it is very important for every company or organization. Developing values that enable decision-making in grey areas characterized by insufficient information or conflicts is a tricky issue.

Conclusion

Advanced education particularly in management faculty in India stands at a turning point. Management education will always be in demand in future but the existence of an educational institution will depend upon the excellence of education and training offered. Management education in today’s scenario is leaning towards the manufacturing sectors to meet their needs. The Management institution must understand the connotations of the adjustments and accordingly must train the students to implement corporate strategies. The students should be provided with the necessary talents to compete in the marketplace, we must recognize and accept the challenges before us today. Globalization of the business school curriculum is no longer a luxury. The complications of worldwide markets must be incorporated into the core undergraduate as well as post graduate management educational framework. In accumulation, information technology must be clinched as an opportunity to improve the educational efficiency, as well also respected as an important competitor in the stipulation of educational services.

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