

## **Indian Business Education – Bridging the gap**

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With over 1400 B. Schools in the country and an output of about 100,000 MBAs a year, we are today the second largest producer of MBAs in the world. And it looks as if we were in quiet competition with the U.S. in overtaking it on both the above counts. Making a comparison with Western Europe, both in terms of the pace of growth of business education and of the number of MBAs produced, we can see that we were always ahead of them.

There are, however, two other key aspects in regard to which India is already ahead of the U.S. and Western Europe. They are: the number of MBA applicants in India and the placement record of the top Indian B. Schools. While the elite U.S. B. Schools take anything from one to two months to complete placements of their graduates, our top B. Schools would accomplish the task in the first two days of the opening of the placement week. Not to speak of receiving 80 – 100 applications for every seat available in a top Indian B. School which could be the envy of B. Schools everywhere. This year's score is going to be even more staggering! It is expected that over 200,000 candidates will take the CAT for the 1600 seats in the 7 IIMs. Incredible!

These are unmistakable signs of the huge popularity and acceptance of MBA education in the society. Add another score here for the Indian B. Schools system for the salary packages offered to new graduates: the average starting salary of MBAs from an IIM is higher than that of any other profession in the country. Millionaires at the age of 24 or 25 apart, one has to see to believe the stampede of corporate recruiters to get into 'day zero' of recruitment in some of our prestigious B. Schools! There is hardly any doubt that in terms of numbers and salaries, Indian B. Schools' story is awe inspiring. But when it comes to quality, one does not feel the same comfort, nor for that matter the much talked about industry - B. Schools partnership. In these particulars U.S. and European B. Schools are much ahead of us and the gap seems to be widening. In France there are even a number of top B. Schools which are run by their Chambers of Commerce and Industry.

Some of us who have been in the field of management education for decades have been arguing that India can easily become the second major destination for global students and global recruiters. Seen from this angle, it is an irony that our students, business school faculty, and teaching material are the least international among the advanced countries. It is often debated as to what extent this is caused by the regulatory framework. We are also witness to the seeming anomaly that while licenses and controls have been lifted from most sectors of the industry and economy, they continue to be in place for education. Some of our political leaders and socialist oriented academics continue to argue that while Joint Ventures and Foreign Direct Investments are to be welcomed in business and industry, it would have to be different when it comes to education.

In other words, the indirect message is stay in the 'comfort zone'. Stay locally, think locally and operate locally.

For our business education to move in sync with the times, a change from this mind set is called for. It is necessary that the regulatory authorities of the Government must relook at some of the controls and restrictions imposed on technical education in the pre-liberalisation era and move on to a strong facilitation mode. This kind of paradigm shift is urgent when we consider: – the invasion of our business education space by business schools from outside the country. – the need for at least 20-25 of our B. Schools emerging as true global players attracting students, faculty and resources from outside. – the need for JVs with top foreign B. Schools so as to offer a good number of international MBA programmes in the country. – permitting twinning programmes with foreign institutions by which Indian students can spend some time, from a term to an year, at a foreign B. School campus, thereby developing a ‘global mind set’ in our MBA graduates. – And the need for Indian B. School system to break away from the traditional mould in which it has supinely settled, and be a part of the global movement for quality and excellence.

In achieving these objectives, B. Schools would need the support and encouragement of AICTE, HRD Ministry and the industry.

If I were asked what is the number one problem afflicting the Indian Business Schools system, I would say that it is the shortage of quality faculty. This has become such a serious problem that the B. School system today is almost a match to IT in attrition rate which is mostly caused by poaching. This game is played by all. But that having said, the issues of shortage and attrition can be answered by adopting a few key strategies: 1. AICTE to relax its requirement about the ratio of full time faculty members and allow in its place the usage of visiting faculty. (On the lines of Dr. U. R. Rao Committee recommendations) 2. Allow MBAs with good industrial experience to be hired as senior faculty. 3. AICTE to permit and support 25 or so leading Business Schools to start Fellow Programmes of three-year duration. 4. As the Central Government has established TTTIs in four regions of the country, establish at least one central institution to train and develop ‘Fellows’ in management. This Central Institution may be titled as ‘The National Management Academy’ with the following major objectives:

- i. Offer a Fellow Programme of international standard and offer mid-career development programmes for teachers.
- ii. An active research programme on Indian management.
- iii. Undertake case and other teaching material development.

I would like to suggest that this should be a joint venture of IIM – A, B, C, L and MDI, XLRI and NMIMS (a PPP Project). The proposed academy must produce at least 50 Fellows of high quality every year.

From the industry side, CII through its various chapters must establish joint councils with B. Schools in every city to develop an active programme for collaboration, consultation and participation. As the main beneficiary of the B. Schools system, the industry must take more active interest in management education rather than merely rushing to the campuses in the placement week for a just-in-time harvest of some of the good products of the system. There is reason to fear that Indian industry is lagging behind compared to their counterparts in the West in

supporting business or technical education. This needs to be corrected.

Of course the key initiators and movers in the quality and cultural upgradation of management education system should be the B. Schools themselves. The old saying “Physician heal thyself” applies with equal force here also. Fortunately most of our B. Schools have taken upon themselves this task rather seriously. As a person who has spent nearly five decades in management education, I would say with considerable confidence and happiness that our first and second rung B. Schools have understood the challenges facing them and are resolutely trying to meet them.

This is particularly true of autonomous institutions – those which offer the PGDMs. Look at any ranking /rating of B. Schools in the country. Generally the top 40 out of the 50 positions will be with the autonomous institutions. Most of the University departments of business or affiliated colleges are way down. It is almost like the fall-out of the protectionist industrial regime of yester years when any shoddy products used to sell. Result: at a number of these institutions the curriculum is archaic, teachers are not up-to-date nor motivated enough, teaching is mostly exam driven and students’ overall development is usually a casualty. This can only be corrected if the basic structural issue is addressed. Do a reverse engineering process, by which an opportunity is given to affiliated colleges to become autonomous, to be PGDMs. This means the ‘crutch’ of university is not there to support them. Therefore they will sink or swim. One cannot simply go on with the ‘Chalta hai’ mode.

The last piece in this write- up is on the vital role of ‘soft skills’ in business education. Practically every study or review on Business Education world-wide has emphasized this aspect. In fact if one were to look at the fast- moving executives in the corporate sector, it is usually the youngster who is strong in soft skills who moves up the ladder faster, provided he is good at other basics. Some of our B. Schools do well in preparing students with these skills, but most others don’t. There is one other important issue which is of considerable relevance in strengthening the Indian management education system. That is about the kind of teachers who should lead the teaching/ learning effort. I could perhaps do better justice to both these points by quoting Warren Bennis and James O’Toole from their classic HBR article (May 2005) on ‘How Business Schools lost Their Way’. They said:

“We are encouraged on this score that the freshly appointed Dean of the Marshall School has courageously gone on record as advocating a major rebalancing of our MBA Programme in order to link hard and soft skills. And on the type of teachers, they have the following to say. “---- business schools faculties simply must rediscover the practice of business. We cannot imagine a professor of surgery who has never seen a patient, or a piano teacher who doesn’t play the instrument, and yet today’s business schools are packed with intelligent, highly skilled faculty with little or no managerial experience. As a result, they can’t identify the most important problems facing executives and don’t know how to analyze the indirect and long-term implications of complex business decisions. In this way they shortchange their students, and ultimately, society”.

By insisting on Ph. Ds only or expecting them to be the largest number in the faculty body, we have done some damage to business education in this country. I have always thought that a

person with a good engineering degree or Economics Master's followed by an MBA and with 15 to 20 years of industrial experience at a senior position is a better teacher than a Ph. D in a peripheral area and having no industrial experience.

Good Ph. Ds of course- but not some of the mediocre ones that enter the market. My preferred combination is 1/4 to 1/3 Ph. Ds of quality, similar number of BE(MA Eco) +MBA with industrial experience and some administrators like IAS & IFS who have excellent administrative experience. After all managing a district or a city like Bangalore or Delhi is far more complex than managing a typical business enterprise.

We have achieved in the past forty five years a great deal in the field of business education. This sector is now raring to go and carve out its rightful place in the international employment markets. A good mixture of liberalizing and facilitation policies will definitely take our business education system to its rightly deserved place on a par with the best in the world. As India is "Dreaming with BRICs" to build the third largest economy in the World by 2032 (in fact we will reach there by 2027 considering an 8-9% annual growth), we should resolutely decide to catch up with the U.S. in business education at least by 2017 (ten years from now). Some of the steps suggested in the article could possibly help in this lofty objective.