

Management Education In India

Paper presented at the
XIII International Study and Practical Conference
“Competitiveness in Information Society: BRICS-countries Experience”
held at State University of Management, Moscow, Russia
during October 22 – 24, 2008

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I would like to start by complimenting the State University of Management, Moscow, for organizing this very relevant conference and the twelve conferences that preceded. In this interconnected and ‘borderless world’ of ours, it is immensely valuable that management educators of the world meet to learn from each other of our experiments, experiences and concerns. As I see it, management and its effectiveness are universal issues which have a bearing on the development or undevelopment of a country. Therefore, the educational system that produces this universal product of MBA assumes considerable significance.

Goldman Sachs invented the acronym BRIC, put a spin on it and made it almost a natural grouping of considerable power and potential. Though their report was of 2003, they have rightly invited the world’s attention to the possibilities for these emerging giants – Brazil, Russia, India and China. Just in five years’ time these four countries have proved that Goldman Sachs was eminently right and that they will dominate the economic horizon for decades to come. From what we see in the global economic scene we now know how right Goldman Sachs were. Therefore, it is only natural that we discuss today the experiences of BRIC countries in competitiveness. One is even tempted to think that the organizers have read early warnings of the impending economic meltdown in the developed nations, and decided on this very timely and relevant theme. Congratulations!

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My colleague Prof. Ravindranathan and I are presenting a paper later on India's competitiveness. Therefore, I am not going into that issue now. What I propose to do in this brief paper is to present to this august assembly, the growth, development and vitality of management education in India and its very valuable contribution to the country's economic development.

In the last twenty years, the growth of management education in India has been phenomenal. The first full-time MBA in India started way back in 1957, and the two IIMs in Calcutta and Ahmedabad appeared in 1961 and 62, respectively. It is interesting to note these two B-Schools promoted by the Federal Govt. had the collaboration of Sloan School of Business, and Harvard B-School. Many other B-Schools emerged in the 60's and 70's. However, the real growth was from 1991 (the year of liberalization in India). There were a few other interesting developments before this watershed year. XLRI, Jamshedpur, the number one business school in the private sector opened its doors to MBA in 1966. The third IIM in Bangalore, where the author was the Director for six years, appeared in 1973. And the 4th IIM in Lucknow was inaugurated in 1984. Two other important developments of this period were the legislative framework on regulation of engineering and management education in India that came into force in 1987, and the Association of Indian Management Schools (AIMS) that was inaugurated in 1988. The author was a key player in the founding of this national B-Schools association and its first president. Today AIMS has in its membership nearly 450 Business Schools, and is the 2nd largest B-Schools association in the world.

At the time of founding AIMS in August 1988, there were just about 100 B-Schools in India. Thereafter there was a massive surge in the number of B-Schools in the country, almost doubling every five years – a geometrical progression, as it were :

In 1988, the number was 100

By 1993, the number was about 200

By 1998, it was nearly 400

By 2003, the number reached nearly 800

And then was the real explosion:

By 2008 the number reached about 1700

This number included nearly 200 Business Schools outside the control of the central regulatory body – the All India Council for Technical Education (AICTE). This number puts India ahead of U.S. and every other country, in the world, (I must admit I don't know the exact figures of Russia). In terms of MBA graduates, it will be about 170,000. Again my understanding is that this is the largest number of MBA production in any country. But, of course, it must be reckoned that we have a population of 1.1 Billion and produces about 4 million graduates a year.

Having briefly dealt with the growth of management education in India, I would like to touch upon certain interesting aspects of MBA education in the country.

The first of course, is the number of applicants for MBA admissions. Over half a million students write the five national admission tests to get into one good business school or the other. More than one-half of them are engineering graduates. The greatest rush is to the six Indian Institutes of Management (IIMs). These six institutions together have only 1600 seats. But they attract over 200,000 applicants for these seats. Look at the great mad rush! If not at this scale, some of the other leading B-Schools also receive about 200 – 250 applications for every single seat. I presented this data only to indicate the tremendous rush for MBA admissions in the country. Obviously, this is the result of the prestige attached to the profession, the employment potential and the image of some of the best B-Schools in the country. Getting admission to an IIM is like “born with a silver spoon in the mouth” – everything then falls in place including a

dream job at the end of the programme. Industries almost queue up for recruitment at these institutions and the process is all over in two-three days' time. This will be true of at least 100 other Business Schools. In a slightly lesser scale it holds true with another 100 schools in the 2nd rung too. For the 1500 others, the placement performance could range from very good to poor. But all of them do get absorbed over a period of time. But the time frame depends on the quality of the Business Schools.

While discussing the quality of Indian Business Schools, the following aspects will be of interest.

First the size. They range from in

30 students to 4000 students one campus

5 Faculty to 250

150 Sq. meter built-up area to about 100,000 sq. meters.

Quality : This also ranges from

Excellent to very good to good to poor – almost a normal distribution with about 100 falling at the two ends.

Ownership : Federal Govt. to State Govt. to Universities,

Public Trusts, Charitable Societies, to Family owned.

About 20 percent in the public sector and 80 percent in the private sector

Location : All the way from the 6 metropolitan cities and other major cities to small towns spread all over the country. Almost a 50 : 50 break.

Starting of a Business School :

At the apex level there is a national statutory body called All India Council for Technical Education (AICTE). It is only with their approval that a B-School can be started.

Accreditation :

AICTE advises all B-Schools of 3 years standing to go in for accreditation. For that purpose, AICTE has created a special agency called the National Board of Accreditation (NBA). As in the West, accreditation is a tough process. That could be the reason why only about 10 percent of the Indian B-Schools have gone in for accreditation.

The accreditation categories are :

1. of Five years
2. Three years
3. Conditional three years
4. Accreditation refused

I am happy to state that XIME that we represent enjoys the highest level of accreditation in the country. Some of the Indian B-Schools are now trying for AACSB, EQUIS or AMBA accreditation. The number of such schools would be about twenty. In the absence of a culture and compulsion for accreditation, very many schools do not try for accreditation. That adds to the quality problem.

Industry B-Schools Collaboration :

On this crucial aspect again, one would see a normal distribution from Excellent to Poor. Some B-Schools are really darlings of industry. These are the places where students' final placements are over in one or two days' time. It is like selling hot cakes. All gone in no time.

Industry- B.Schools collaborations are mostly seen in the following levels:

1. Summer internships for students
2. Top or senior managers participating in the Governance of the B-School
3. Visiting faculty from industry

4. Team teaching – a business manager and one or two academics together
5. B-Schools offering training and consultancy for industry
6. Industry sponsoring mid-level executives to Executive MBA programmes of the Business Schools
7. Industry instituting academic chairs
8. Financial assistance to the building up of the B-School itself.

XIME where this speaker is the President received considerable help from industry in its formative years. In fact, a visitor to the school campus would be pleasantly surprised to see the number of class rooms and halls named after business houses, philanthropists and alumni. The School was pretty fortunate in almost every aspect of collaboration and support mentioned above.

One Serious Problem :

The massive growth of Business Schools in India has brought in its wake some serious problems. I have already touched upon some. However, I have reserved the most important problem seen for a special mention – that is the shortage of faculty. I believe this is a universal problem. But the shortage felt in India seems to be far more serious considering the huge growth of business schools in the last twenty-three years. Unfortunately, the supply side did not catch up with the need, resulting in a huge gap. Based on an earlier Indian study it is estimated that there is shortage of almost – 5000 business faculty. This shortage is mostly met by visiting or adjunct faculty, retirees from industry or managers who break their careers in between to enter into an academic career. Most of them are MBAs with considerable industrial experience. Therefore, they bring to the classroom the real flavour of business and industry. The only fault out is that in the faculty list the number with Ph.D. qualification will not be more than 40 percent. As a consequence, the research thrust is somewhat weak in most Indian B-Schools, except the leading ones. The Govt. the Universities and some of the leading

Business Schools are all trying to deal with this issue by producing more and more management Ph.Ds. or Ph.Ds in related disciplines like Economics, Psychology, and Operations Research etc. But we still haven't succeeded in this battle against shortage.

In spite of this limitation, I am happy to say that Indian Business education has done well in the last three-four decades, and Indian industry generally sees Business Schools as partners in their progress. One MBA or several of them in the organization is seen as an indication of the sophistication and the management capability of that organization. Barring the prestigious Administrative and Foreign Services of India, MBA ranks as the first in the pecking order of professions in India. No wonder a large number of Indian industries have at the top a number of MBAs from India or abroad. In addition, a large number of MNCs now visit Indian B-School campuses for recruitment.

Many of us connected with Indian management education strongly believe that a time has come for Indian B-Schools to network more formally with our counterparts in other parts of the world. It is true that a large number of one-to-one partnerships is now on both with Western Business Schools and Eastern Business Schools. However, what we would suggest is a coming together of Business Schools from natural formations like the BRICS. If we could take some concrete steps in giving shape to such an idea here in Moscow it will be a historic development in the annals of global management education. We trust it is possible.

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