

## BRICS – Europe: The key trends in the development of higher education

### Perspective on Business Education in India

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As India is geographically large, so is its management education system! About one-third of world's Business Schools are in India, so also the MBA graduates. And it is growing at a frenetic pace. Currently the number of B-Schools in India is 4200 and the MBA number is 4,25,000.

After having put these huge numbers on, it is important that we present you an analysis of these numbers and their implications:

- i. Of these 4200 B-Schools, about 25 of them are national B-Schools of great repute like the Indian Institutes of Management (IIMs), Indian Institute of Technology [IIT] B-Schools and sectoral B-Schools like Indian Institute of Foreign Trade (IIFT), Indian Institute of Forest Management (IIFM), Indian Institute of Plantation Management (IIPM) and Indian Institute of Port Management (IIPM). These form the top end of Indian Management Education system. They were established and are controlled by the federal government.
- ii. There are about 300 Departments of Management of Universities which are mostly State Universities. Most of them are normally seen as above – average institutions.

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- iii. India has a special category of B-Schools called PGDM Schools which are in a way 'stand alone' institutions which could issue only Postgraduate Diploma in Management (PGDM), and not an MBA Degree. But most of these command the respect of industry and are highly sought after by it at the time of placement. Institutions like XLRI Jamshedpur, XIME Bangalore, MDI Delhi, S.P. Jain Institute of Management in Mumbai, LIBA in Chennai and many other leading B-Schools belong to this group. Their number comes to about 500.

Being autonomous institutions, these schools have considerable latitude in terms of structuring their curriculum, the kind of faculty engaged (a large number of industry veterans are used for teaching), conducting examinations, granting diplomas and establishing partnerships and joint ventures with Indian or foreign B-Schools.

- iv. The remaining 3400 B-Schools fall in what is referred to as the affiliated colleges of various universities. These colleges are independently administered, but must follow the curriculum of the University and must strictly comply with governmental norms on faculty and admissions. Their students must take the University exams and it is the university that issues them the MBA certificates.

This category suffers from lack of autonomy, too much University controls and regulations, little scope for innovation and weak accountability. While every one of them cannot be painted with the same brush, easily 3000 of them can be dubbed as sufferers of the deficiencies mentioned. This group practically poses a quality issue in Indian management education.

Converting the numbers into percentages, one could say that 20 percent of the Indian B-Schools are good to very good or world class B-Schools, while about 80 percent face challenges as regards quality, adaptiveness or competitiveness. But then, some of us might argue that in a society or economy which is so variegated like that of India, there is no need for all B-

Schools to fall in the higher bracket. As there are B-Schools of A, B, C or D categories, there are also A, B, C and D type of industries and they match each other well enough resulting in better complementarity and happiness all around.

### **The New Thunderstorms in the Sky**

2008-2009 was a difficult year for placement of engineers and MBA graduates in India, consequent on the slowdown of most of the Western economies.

India got out of it without much damage in 2009-2010 itself. But at the present moment, however, we see dark clouds gathering in the sky owing to the anticipated slow down of Western economies. If this were to happen, two major consequences are likely to follow in the field of management education.

- i. The number of MBA applicants is bound to come down. Currently it is nearly a million a year.
- ii. The job market is going to be tight. This development may not affect the top 250 B-Schools. But many others will be. So the 'Gold Chase' (the MBA chase) which was a powerful reality in India may take a beating. It looks as though the huge build up Indian B-Schools in number and their products might get a rude shake up. On balance, however, it is not a bad thing to happen. This market correction may perhaps result in the demise of a number of marginal B-Schools, leaving behind the strong and the adaptive ones to provide better quality management education.

### **The Quantum Jump and the fall outs**

The growth of B-Schools in India in the last two decades has been phenomenal. The table below describes this unparalleled growth:

## GROWTH OF INDIA'S BUSINESS SCHOOLS\*

| Year             | 1995  | 1997  | 1999  | 2001  | 2003  | 2005   | 2007   | 2009   | 2011   |
|------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| No. of B-Schools | 350   | 540   | 680   | 790   | 870   | 1600   | 1750   | 2500   | 4200   |
| No. of Graduates | 32000 | 49000 | 60000 | 68000 | 79000 | 150000 | 170000 | 260000 | 425000 |

\*Aggregate figures from AICTE & AIMS sources.

Having happened mostly due to high market demand, this has led to some unsavoury consequences:

1. The emergence of unabashed commercialisation on the part of some.
2. A number of fly-by-night operators getting into the system.
3. A terrible shortage of competent faculty.
4. Huge variances in size, quality and orientation of B-Schools.
5. All the above taken together have given a bad name to the B-School system.

But on the plus side, there were some encouraging developments too:

- i. Rising competition has led to increased effort on the part of many Business Schools to scale up.
- ii. As a consequence, there has been a continuous upward movement of B-Schools quality.
- iii. The competition has led to various kinds of innovative practices including academic tie-ups with foreign universities, distributed teaching-learning at 2-3 campuses, flow of foreign faculty to Indian campuses, and joint degree programmes. Currently the Indian law is rather stringent when it comes to joint degree programmes. But with a new law that is now under the consideration of India's HRD Ministry, one could expect a larger flow of foreign universities to Indian soil.
- iv. Students have a wider choice.

The phenomenal growth of management education in the last 15-20 years is not an accident. Here are some factors which facilitated such unusual growth of the system:

- i. MBA enjoys a high level of status in the Indian Society. There is a common saying in India that even if the MBA-man doesn't get a job immediately, an arranged marriage with a huge dowry is almost a certainty.
- ii. The social aspect coupled with access to better employment opportunities, has attracted to the MBA system more students than all the other graduate programmes put together.
- iii. The popularity of the MBA/PGDM programmes in India could be seen from the huge number of applications that most of the top B-Schools attract. In India's prestigious IIMs, the number of applications could be 70 for every single seat. And in other top private sector schools, it could be 50 to 1.
- iv. There is a huge 'coaching industry' in India which trains and coaches aspiring students for the national MBA admission tests. There are four such admission tests in the country. These coaching centres are a catalytic force in the country.
- v. 80 percent of the students admitted to the B-Schools are fresh graduates. They consider this as a great career option.
- vi. The part-time Executive MBA programme doesn't enjoy the same status as the full-time programme. The ratio between them would be roughly 85:15, with 15 in the part-time executive programmes.
- vii. Industry support to business education in India is pretty good. This is particularly true of the top 250 B-Schools.
- viii. One other significant point to be mentioned is the placement situation. In the top 250 B-Schools, practically all graduating students will be placed

gloriously almost in a week's time (much before they graduate). This 'Placement Week' usually comes half-way through the last term of their studies. In fact students 'Placement Committees' usually face very challenging situations in accommodating all those claimants who want to be in the campus on the very first day of the placement week. For another 250 or so, it may take one to three months to complete the process. And for the others, it could be a longer wait going upto one year for a suitable job or even having to settle for an operational job with very little content of management.

All in all, after Medicine, MBA is the most sought after course of study in India. The average salary of a graduate on placement is at least the same as, if not more than, the aggregate, two-year tuition fees that he had paid – one of the best ROI in any business.

- ix. It must be admitted that the main influence of management education in India is American. There is also a historical background to it as the first two Indian Institutes of Management in India [Ahmedabad and Calcutta] had the collaboration of Harvard B-School and Sloan School of Management, respectively.
- x. Our curriculum structure is pretty much the same as that of a typical American B-School. But of late there have been considerable changes. Some of them are:
  - i. A distinct concern for the ethical aspect in management education.
  - ii. With about 25 percent of the Indians living below the poverty line, societal issues and social development are key concerns for most of the leading B-Schools in India. For example, at XIME, we have a compulsory requirement for students to spend three weeks with a social developmental organization – a project called SUPA. This is in addition to the corporate project that the students have to do.

- iii. Courses on Ethics and CSR find a respectable place in the B-School curriculum.
- iv. Globalisation has its impact on Indian Business Schools too. It is reflected in the curriculum, case studies used, faculty composition and teaching methodologies.
- v. For a large number of MNCs the top Indian Business Schools are a major destination for recruitment.
- vi. Study of a European or an Asian language is becoming common in many Indian B-Schools. So also visits to European or Asian industrial and business centres and educational institutions in order to expose students to other cultures and market realities.

Going through its remarkable history of nearly 60 years, one could comfortably say that Indian management education has come of age. And its sheer weight will have its impact on world management education.

As it is true with every other economic or social activity in India, it is difficult to put management education in a neat box. It is dynamic, ever changing, bewildering in its variety and enjoys a tremendous momentum of its own. It has an equal measure of credibility with government, public sector industries, private sector business and even NGOs. Getting into a good B-School is the dream of most of the Indian youngsters. Hence the continued and accelerated growth of the Indian B-School system.

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