

BUSINESS SCHOOLS IN INDIA: ISSUES AND PERSPECTIVES

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Abstract: This paper aims to study the growth and current status of higher education in India with particular reference to business schools over the last decade. An attempt has been made to highlight the issues and serious concerns regarding the role of the government, accreditation and quality issues in the delivery of education services. The focus of the paper is on faculty development and teaching and learning focus and tries to highlight the issues related quality of services as perceived by industry and the students it serves. It also identifies the areas for further research and the paper also recognizes that a lot more data driven research is needed to rectify the systemic defects in the delivery of management education in business schools in India.

Keywords: Management education, Faculty training, Faculty-Team teaching, learning focus

Introduction

The emergence of global economy due to increased trade across borders, mobility of people and investment is forcing countries across the world to evaluate their higher education systems and move towards reforms and uniform standards. The Bologna Declaration of 19 June 1999 of the European ministers for higher education is a testament to the growing awareness of the importance of higher education reforms and educational co-operation in order to help its people to attain the competencies to adapt to changing needs, society's demands by the achievement of greater compatibility and comparability of systems of higher education and uniform standards to achieve competitive excellence. India has grown at a pace envied by the rest of the world in the last decade. Indian Gross National Product has increased from approx. INR 28000 billion in 2004 to INR 100,000 billion in 2014¹. Indian per capita income has increased from US \$ 687.31 in 2005 to US \$ 1106.8 in 2013².

In its size and diversity, India has the third largest higher education system in the world, next only to China and the United States. Before Independence, access to higher education was very limited and elitist, with enrolment of less than a million students in 500 colleges and 20 universities.

The Government of India has targeted to increase the GER (Gross Enrolment Ratio) from the present 19.4% by the beginning of the twelfth Five-year plan to 30% by 2020.

Various new initiatives have been taken during the Eleventh Five year plan to increase the ratio. The current enrollment figures in the higher education are as follows:

Serial No:	Age in years	Population (million)	Enrolled(Million)	Enrolled (%)
1	5-14 years	240	185	77.0
2	15-19 years	119	39	32.9
3	20-24 years	113	14	12.7

Source: MHRD, Census. Government of India

There are no entry barriers for setting up educational institutes in India. AICTE the apex body for grant of approval for new institutions in a recent circular has announced that no new higher educational institutions would be allowed to set up from the academic year 2013-14. This is mainly due to poor enrollment of students in higher educational institutions, though applications for setting up institutions across the country is mounting. Students' perception about quality of institutions is poor. A McKinsey report on higher education in India claims that employability of students graduating from engineering colleges is less than 25%. Higher education in India has expanded rapidly over the past two decades. This growth has been mainly driven by private sector initiatives. There are genuine concerns about many of them being substandard and exploitative (Agarwal.,2006). The need for rating, evaluation and accreditation of institutions is gaining ground across the world and in fact students seeking admissions to higher education institutes review the accreditation by government regulatory bodies lest the banks may not provide funding support like educational loans for example. The establishment of National Assessment and Accreditation council by the university Grants Commission to facilitate the volunteering institutions to assess their performance against a set of parameters is a step towards institutional improvement. Assessment of quality of an institution is important to a student seeking admission to higher educational institutes.

Management Education:

Management education in India is not very old, after the establishment of the IITs, there was dire need for similar establishments in the field of management education. Starting with the establishment of four Indian Institutes of Management Calcutta (1961), Ahmedabad (1962), Bangalore (1973), Lucknow (1984), now management education is being offered as full time/part time MBA programmes by some leading universities in the country. Recently and particularly during the last 4-5 years the country has witnessed a tremendous growth in the founding of management institutions most of them in private sector offering management programs in different functional areas of management. Concurrently, there is a mushrooming of B-schools in the country (over 4,000 institutes, of which about 2,467 are certified by the All India Council for Technical Education (AICTE)), leading to issues of quality.

Table 1: Growth in AICTE approved management institutions

Year	No of Institutions	Growth in (Nos)	Growth in (%)
2006-07	1132		

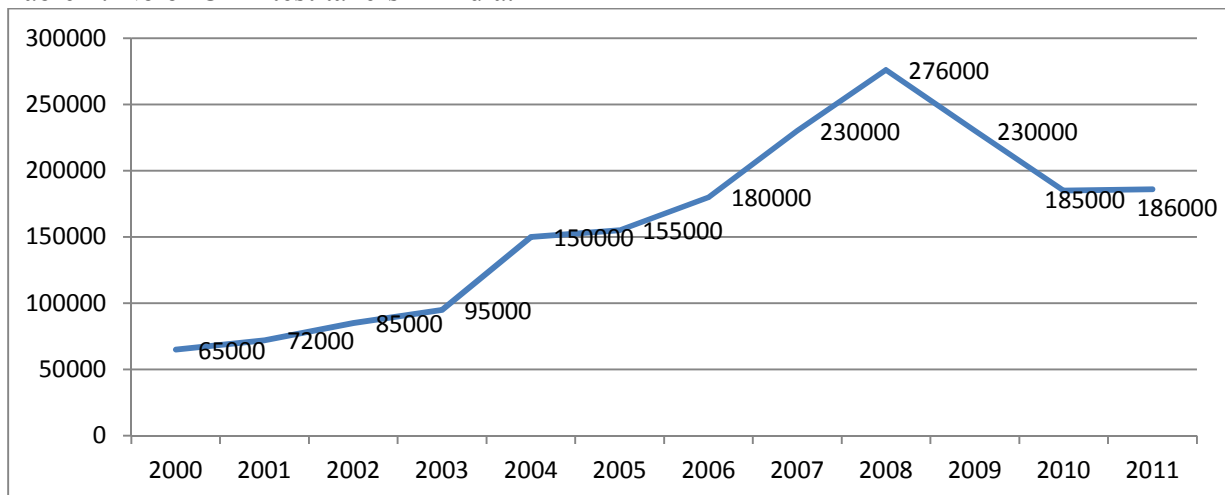
2007-08	1149	17	2%
2008-09	1523	374	33%
2009-10	1940	417	27%
2010-11	2262	322	17%
2011-12	2385	123	5%
2012-13	2467	82	3%

Source: www.aicte.ernet.in

B-School story of India began with the liberalization of India's economy in 1991, when there were about 50 B-schools in the country. Between 1991 and 2000, the number rose to about 700. Students now got more interested in doing a Post Graduate course in Business Management. Between 2001 and 2009, the number galloped to about 2,000. Students are now wary of the colleges as an accreditation system that have no consequences; and affiliating, regulatory and accreditation system work together to promote uniformity and cloning rather than allow experimentation and innovation.

In 2013 there were about 4000 B-schools. There was no dominant player in the market in terms of its market share. Capital was easily available to businesses and there was conspicuous laxity in the norms for opening of business schools in the country. The need of the college to raise huge capital to open a B-school after taking All India council for technical education (AICTE) approval could have been met without much difficulty. The rapid increase in the growth of colleges led to a steep increase in the number of seats offered to students contrasting with the decline, arguably due to global recession, in the number of entrance test takers [Common Admission Test (CAT) conducted by the Indian Institutes of Management (IIM)].

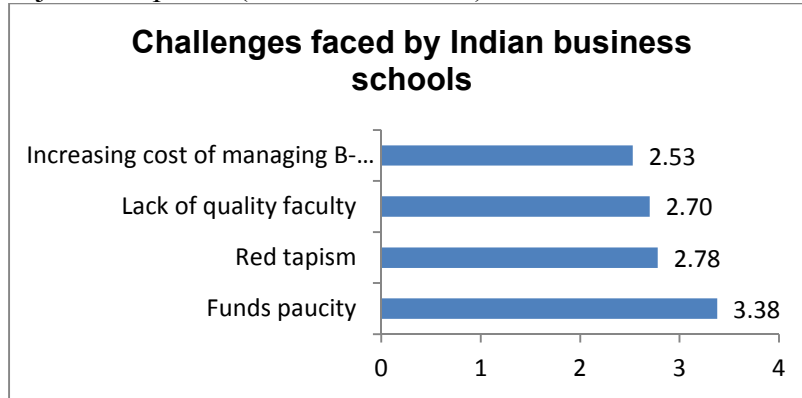
Table 2: No of CAT test takers in India.



Source: Data collected from various sources (recreated by the authors for clarity)

Most of the B-schools believed that increasing costs and lack of quality faculty were major challenges that they faced. Quality of MBA education has been a focal point of

many debates (Aiken, 1994; Eberhardt, 1997; Louw *et al.*, 2001). Many criticisms have emerged in such debates like inability of MBA graduates to cope with the challenges of a dynamic environment; lack of business experience among teachers of B-schools; high theoretical inclination of MBA courses and neglect of people skills and overemphasizing quantitative subject disciplines (Louw *et al.*, 2001).



Note: 1-4, 1 being the most important and 4 being the least important

Source: *Dun & Bradstreet survey results (recreated by the author for clarity)*

Keeping this in mind we realize the importance of training the faculty of B-schools so that the prospective students get encouraged to pursue management education and get absorbed by the corporate world.

Literature Review

After Porter and McKibbin published their work in 1988, concerns have been mounting that business education has become less relevant to the corporate world (e.g., Bennis & O'Toole, 2005; Mintzberg, 2004; Pfeffer & Fong, 2002). Bennis and O'Toole (2005) impressed upon the fact that management education must integrate knowledge and business practices in order to regain relevance as professional education for the business world.

Porter and McKibbin (1988) argued in their report that the corporate world is very concerned with the low level of human skills or "soft skills" among business graduates. More recent study findings have corroborated Porter and McKibbin's observations claiming how managerial failure is related to a deficiency in human skills (e.g., Camp, Vielhaber, & Simonetti, 2001; McConnell, 2004).

The biggest lacuna in effective teaching is misaligning what teachers teach, what they intend to teach, and what they assess as having been taught (Cohen, 1987, p. 19).

Lack of quality faculty in Indian B-schools is a malaise of Indian management education. The faculty needs to be trained with what's essentially required to equip students to be employable. For a classroom environment the major structural elements are task, authority, and evaluation; as determined by the teacher and identified in various academic achievements motivation models (e.g., Ames, 1992; Stipek, 1996). This is in many ways similar to the core job characteristics of the Job characteristics model (JCM).

JCM can help us gain insights into the issues involving student motivation and aid us in developing teaching strategies for influencing the critical psychological states (CPS) for positive motivational consequences. Task variety, task identity, and task significance are the three characteristics that have to be designed appropriately to activate the CPS of experienced meaningfulness of the course.

The primary need of business schools is to prepare students to become leaders and managers, and hence design courses in a way that students acquire the essential managerial skills as suggested by Katz (1974) viz. *conceptual, human, and technical*.

To handle complex managerial assignments students should also become competent in the applying these skills. This is really necessary because the growth and success of an organization may get affected because of a dearth of managers with the necessary skills (Peterson & Van Fleet, 2004). A recent study by Peterson and Peterson (2004), based on a survey of senior managers, confirmed that successful or unsuccessful managerial performance is related to either the presence or absence of these three skills among the managers.

Various studies and their reviews (e.g., Ames, 1992; Boekaerts & Minnaert, 2006; Deci & Ryan, 1996; Ryan & Deci 2000; Skinner & Belmont, 1993; Strong, Davis, & Hawks, 2004) have confirmed that intrinsic motivation, interest, engagement in learning, and perceived competence among college students can be promoted through autonomy. Conversely when students perceive that they are being controlled, they may perform poorly or experience reduced intrinsic motivation (Deci & Ryan, 1996; Perry & Penner, 1990). *Autonomy-enhancing behavior* as opposed to *autonomy-suppressing behavior* must be incorporated in the classroom design.

Mintzberg (2004) discussed that the classroom focus needs to move from *teaching* to *learning*. Teaching is controlled and driven by the instructor, whereas learning is student centered, which requires it to be responsive and customized.

Vaill (1996) argued that we all operate and learn in *permanent white water* (PWW) conditions—environments characterized by novel, messy, costly, surprising and unpreventable events. The two most important elements necessary for successful managerial leadership learning in PWW are (a) *self-directed learning*, where the learner has substantial control over the purpose, the form, the content, and the pace of learning, and (b) *expressive learning* (learning through the process of expression).

Recent Paradigm Shift in Higher Education

	Teaching Focus	Learning Focus
Orienting questions	What do I want to teach?	What do students need to learn?

	How can I cover the designated course material?	How can we accomplish specific learning objectives?
Teacher's Role	Provide/deliver instruction Transfer knowledge to students Classify and sort students	Produce learning Elicit student discovery and construction of knowledge Develop each student's competencies and talents
Success Criteria	Teacher's performance Inputs, resources	Students' performance Learning, student-success outcomes
Assumption about teachers	Any expert can teach	Teaching is complex and requires considerable training

Source: Adapted from Barr and Tagg (1995, pp. 6-7)

Developing Management Skills Learning Model

Skill assessment	Diagnostic surveys and experience logs (What do I need to improve?)
Skill learning	Subject matter: Translation of research into behavioral guidelines (What are the best bets for handling difficulty management responsibilities?)
Skill analysis	Cases (According to the behavioral guidelines, what happened and why?)
Skill practice	Role-plays and exercises (How am I doing in my efforts to improve?)
Skill application	Transfer of learning into everyday practice (How am I going to apply what I've learned?)

Source: Adapted from Whetten and Cameron (2007)

The paradigm shift from a teacher centric process to student learning focus involves asking questions like what the student needs to learn and is it sync with what the industry demands. Eliciting student discovery and construction of knowledge is the responsibility of the faculty and it creates pressure on the faculty to produce learning. One important shift in the learning focus is the realization that teaching is complex and hence requires effort on the part of the faculty to learn the art and the institution need to invest time and resources to develop the faculty resources capable of delivering value. Learning is a natural process of growth. The direction in which the growth takes place are determined

chiefly by the interests, curiosities, and needs felt by the individual. Team teaching is considered to be more efficacious than individual teaching. Few important points to be kept in mind for team teaching are listed below:

Faculty-Team Learning

- Acknowledge the learning curve
- Relinquish the role of expert
- Support individual learning
- Take time to discuss group process before, during, and after the team teaching experience

Staffing

- Create mixed teams of veterans and newcomers
- Seek volunteers
- Modify workload accounting
- Use part-time faculty
- Create incentives for continued team teaching

Systemic Supports

- Modify performance appraisal and reward systems
- Create structured opportunities for learning from experience
- Document and discuss best practices
- Adapt administrative structures to support team teaching

Source: Adapted from Young and Kram (1996)

Stapleton and Murkison (2001) argued that Instructor excellence is positively related to learning production of the student and expected grades production. They also hypothesized and confirmed that some teachers rank high in instructor excellence but low in learning production and vice versa.

Conclusion: A large amount of expansion in enrolment has taken place in the growth of B-schools in India mainly through private initiatives but has largely been chaotic and unplanned resulting in poor quality and the diminishing value of a degree in job markets and its eroding credibility the world over. The regulatory system fails to maintain standards but the escalating cost of a business management degree has made it unaffordable for students from poor background. Industry constantly harps on skill shortages despite high graduate unemployment. With a view to resolve the paradox of high graduate unemployment and shortage of skills coexisting together, the connection between the higher education and the jobs has to be made more efficient. This can best be achieved by incorporating adaptability in management education – first by creating conditions so that curriculum and content are continuously updated as per changing needs

and second by adjustment of admission capacities between different institutions and courses as per job market requirements (Pawan Agarwal., 2006).

The need of the industry is the development of a competent workforce which will contribute to the growth of skilled manpower. Nowadays, both skilled work and skilled workers are moving across borders. The role of management education in workforce development to meet the domestic as well as the global demand for qualified manpower need not be stressed. The role of academic research in fostering innovation and growth in industry has been minimal and greater collaboration between industry and B-schools is required to ensure that India has a respectable position in its research performance. These measures would include increasing the level for funding academic research in management in India and altering the funding mechanism; improving physical and information infrastructure for quality research through a nationally coordinated approach, putting in place objective measures for assessing research performance; and rewarding performance and promoting collaboration along with competition in research in India.

Future Research

Despite, its impressive growth, higher education in India could maintain only a very small base of quality institutions at the top. Standards of the majority of the institutions are poor and declining. There are a large number of small and non-viable institutions. Entry to the small number of quality institutions is very competitive giving rise to high stake entrance tests and a flourishing private tuition industry. It needs to be explored whether market forces should be allowed to operate in this space and regulatory controls need to be lifted.

There is no evidence of research in the area of faculty quality and education delivery in B-schools in India. Reasons for poor performance of B-schools need to be studied further like investment in training and development of faculty, faculty interactions with industry and preparedness of industry to invest financial resources to aid research in the area of management and finding innovative solutions through research. An insight into the talent management practices like attracting, identifying and retaining talent is necessary to understand the reasons for the disconnect between skills shortage and unemployment. Faculty quality is best understood through the efficient implementation of performance management systems like goal setting process, performance appraisals and metrics used for measurement of performance. Metrics could include success of students in placement interviews, learning of students to make effective transition into leaders and managers capable of delivery value to corporate organizations. More research data is required to study effectiveness of training of faculty and their ability to deliver value to students. Measurement of performance and reward management systems of B-schools to attract quality faculty and the efforts of the B-schools in this regard has to be evaluated through data driven research.

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- ¹ <http://www.tradingeconomics.com/india/gross-national-product> accessed on 5th March 2014; INR = Indian National Rupee, 1 US \$ = 61INR approx.
- ² <http://www.tradingeconomics.com/india/gdp-per-capita> accessed on 5th March 2014; GDP per capita in US Dollars at constant prices
- ³ <http://www.igidr.ac.in/conf/ysp/JB1.pdf> accessed on 5th March 2014
- ⁴ <http://aishe.nic.in/aishe/viewDocument.action?documentId=36> accessed on 5th March 2014