Management Education in India: Issues & Challenges

Shweta
Apeejay School of Management, New Delhi, India

Manoj Kumar
Maharshi Dayanand Saraswati University, Ajmer, India

Abstract
Management education across the globe is facing a unique crisis of relevance in the contemporary scenario. All the aspects of Business education such as quality of MBA aspirants, curriculum, business research, quality of research publications, industry-institute interface, management development programmes, faculty development programmes, placements, compensation packages of B-school graduates, career development trajectory of alumni, diversity among faculty as well as students, governance and accountability, etc. are under critical scanner. Indian B-schools are not untouched by the contextual compulsions of the Management education in the international arena. Indeed, B-schools in India are facing multiple issues such as proliferation of B-Schools, quality of education, faculty shortage, poor regulatory mechanism and governance and accountability. This paper analyses the issues and challenges of Management education in India in the emerging scenario and provides remarkable insights into revitalizing B-schools that may benefit all the stakeholders.

Keywords: Management Education, B-Schools, Regulatory Framework, B-School Governance

B-Schools in the Global Context
Management denotes the professional administration of business concerns, public undertakings, institutions and organization of all kinds and efficient utilization of resources for optimizing benefits to all the stakeholders. This is a broad-based definition of ‘Management’ as we understand the term today. As such, ‘Management’ is a relatively new concept. The term in English lexicon evolved sometime in the 16th-17th century taking cue from Latin ‘Manus’, Italian ‘Manegiare’ and French ‘Mesnagement’/’Menagement’. All the terms those preceded ‘Management’ implied control over others, especially manual workers, in order to get things done or decide about how to use available resources. Management, if performed with personal modesty and a sense of service to the community, can be one of the noblest professions. It creates growth, wealth and development in society, provides jobs, fosters innovation and improves living conditions (Onzonol, 2010).

Indeed, ‘Management’ is modern construct that gained significance during the most eventful centuries in Europe marked by renaissance, reforms, scientific revolution, industrial
revolution, mercantilism and above all, entrepreneurial spirit. Gradually, a body of knowledge developed around the concept of ‘Management’ although the contributions came from diverse academic disciplines such as sociology, psychology, economics, accounting, mathematics, and law. Thus, when Management education began in the early 20th century, there was already a corpus of literature for education, training and further research. Management education, which was originally conceived as an elite educational track dedicated exclusively to business (and more precisely to big corporations), found itself confronted with an ever growing demand from millions of individuals seduced by the promise of a better future, or forced into entrepreneurship and management by evolution of the markets (Kozminski, 2010).

Lyon Chamber of Commerce & Industry established the first B-School called EMLYON Business School in Lyon (France) in 1872. Pioneering American entrepreneur and industrialist Joseph Wharton established the world’s first collegiate school of business – Wharton School at the University of Pennsylvania in 1881. University of Chicago promoted Booth School of Business in 1898. Tuck School of Business at Dartmouth College was set up in 1900. Later, Harvard Business School was established in 1908 by Harvard University. Same year, North-western University established Kellogg School of Management in Chicago offering part-time evening programme in Management. In the following years several B-Schools were established viz. MIT Sloan (1914), Columbia Business School (1916), Stanford Graduate School of Business (1925), etc.

Progressively, other universities in USA, Europe, and Asia started B-Schools to catch on the bandwagon of Management education in the latter half of 20th century. For example, INSEAD was established in 1957, IESE Business School came in 1958, Indian Institute of Management Ahmedabad came in 1961, London Business School was set up in 1964, National University of Singapore School of Business was founded in 1965, IE Business School was founded in 1973, Yale School of Management came in 1976 among others. All these are leading B-schools of the world.

However, Management education gained real impetus in the last decade of 20th century marked by globalization and liberalization and rise of good number of transnational corporations. Internationalization of labour market, commodity market and capital market created incredible opportunities for all by offering choices at the competitive prices, raising quality of life and aspirations, expanding service sector and providing decent employment to millions of youth. Information and communication technologies revolutionized the way we conduct business.

These developments ensured a great demand for professionals. B-Schools turned up in a big way across the globe to enable a cadre of business leaders and managers with appropriate knowledge, skills and attitude. Business education helped in developing intelligent strategic planning and action, long-term perspective, corporate culture, standards of excellence, effective leadership across the organization, team spirit, objective decision making, standardization of processes and systems. Notable entrants in Management education include IMD Switzerland (1990), Hong Kong UST Business School (1991), China Europe International Business School (1994), Said Business School at Oxford University (1996) and Indian School of Business (1996).
However, Management education sector faces greater scrutiny from a wider group of stakeholders than at any time in its history (Onzonol, 2010). True, Management education has now entered a phase of profound transition driven by globalization, technology demographics and pressing social imperatives (Global Foundation for Management Education, 2008). No other academic discipline has accomplished this feat in less than 150 years of existence. B-schools of the world symbolize professionalism, flexibility in learning, innovations in curriculum design and pedagogy, and above all – value for money. No wonder, getting into an MBA is the foremost aspiration of youth across the globe today.

Despite phenomenal expansion of Management education across the globe during last few decades, the B-schools of the world need to focus on eight unmet needs of the MBA programme as espoused by Datar, Garvin & Cullen (2010) in the following framework so that they remain relevant in the times to come:

- **Gaining a global perspective**: Identifying, analysing and practicing how best to manage when faced with economic, institutional and cultural differences across the countries.
- **Developing leadership skills**: Understanding the responsibilities of leadership, developing alternative approaches to inspiring, influencing and guiding others; learning such skills as conducting a performance review and giving critical feedback; and recognizing the impact of one’s actions and behaviours on others.
- **Honing integration skills**: Thinking about issues from diverse, shifting angles to frame problems holistically; learning to make decisions based on multiples, often conflicting, functional perspectives; and building judgment and intuition into messy, unstructured situations.
- **Recognizing organizational realities and implementing effectively**: Influencing others and getting things done in the context of hidden agenda, unwritten rules, political coalitions, and competing points of views.
- **Acting creatively and innovatively**: Finding and framing problems; collecting, synthesizing and distilling large volumes of ambiguous data: engaging in generative and lateral thinking; and constantly experimenting and learning.
- **Thinking critically and communicating clearly**: Developing and articulating logical, coherent, and persuasive arguments; marshalling supportive evidences; and distinguishing facts from opinion
- **Understanding the role, responsibilities and purpose of business**: Balancing financial and non-financial objectives while simultaneously juggling the demands of diverse constituencies such as shareholders, employees, customers, regulators and society
- **Understanding the limits of models and markets**: Asking tough questions about risk by questioning underlying assumptions and emerging patterns; seeking to understand what might go wrong; learning about the sources of errors that lead to flawed decision making and the organizational safeguards that reduce their occurrence; and understanding the tension between regulatory activities aimed at preventing social harm and market-based incentives designed to encourage innovation and efficiency

Indeed, it is time to reflect on the future of Management education in the global context. Business schools today find themselves in a position to make a very significant and very
socially valuable contribution to society, inasmuch as they can improve the efficiency of markets and the confidence of the public in markets and organizations (Patry, 2010). However, they are reeling under institutional crises at the same time. There is a gap or imbalance between theory and practice in both management research and management teaching (Thomas, 2010). Business schools may need a renewed focus and engagement with the needs of practitioners. A 2007 report of the Association to Advance Collegiate Schools of Business (AACSB) observed: The rapid change in the size and stature of research in Business schools has engendered passionate dialogue and debate. For example, Business schools have recently been criticized for placing too much emphasis on research relative to teaching and for producing research that is too narrow, irrelevant, and impractical’. As observed by Thomas (2010), there are many instances of management research in Business schools which are of limited relevance to management practice and that efforts to engage with practitioners are essential.

It goes without saying that the Business schools today have a responsibility to critically assess the models and representations that are central to business education and practice. It is also their responsibility to critically assess the ‘knowledge’ and the ‘models’ that are developed by industry and civil society. This is particularly important during a period of rapid innovation (Patry, 2010). Through international business school alliances and global initiatives to improve the quality of Management education, Business schools might just be one of the major contributors to enhanced quality of life throughout the world (Fernandes, 2010).

Comuel (2010) has rightly observed: ‘In the context of a free economy, Business schools have a crucial role to play in optimizing the way institutions private as well as public –are managed, with the objective of ensuring the best possible level of growth, and thereby ensuring a dramatic improvement in the people’s lives. All in all, management education institutions should declare themselves willing to undergo a very in-depth change –one that without a doubt will force them to redefine the research they conduct and the educational content of the programmes they teach’.

Business schools and Management education institutions are mushrooming not only in affluent areas, equipped with advanced academic institutions of international repute, but also in poor, developing countries, quite often under corrupt and authoritarian regimes (Kozminski, 2010). Mushrooming of Business schools has raised new issues and challenges. Scope of activities in a modern Business school is highly heterogeneous and has to change constantly with the market (Kozminski, 2010). But this is possible only if the Business schools are free to operate their activities. Considerable degree of academic and business autonomy is a pre-requisite for the development of institutions of higher learning in Management (Kozminski, 2010). Autonomy results directly from the pre-dominantly market driven character of Business schools’ activities, and its dependence upon external, outsourced resources. Autonomy is also needed to maintain a boundaryless and flexible character of the schools’ operations (Kozminski, 2010).

A major refrain of the critics of Management education is lack of academic-industry interface having a bearing on the emerging body of knowledge on Management. Since the activities of business schools focus not on a speculative but a clinical subject i. e.
Management, a substantial proportion of academic research should deal with real business problems, jointly with top managers. Investment banks created in the past years true in-house universities that developed huge research on markets and companies but lacked the soundness and independence of academic research. On the other hand, academics have sometimes neglected the practical relevance of their research (Ozonol, 2010). Business schools should act as bridges between academia and the real business world (Ozonol, 2010). By becoming knowledge hubs instead of reservoirs, business schools may better contribute to the advance of Management theory and practice (Ozonol, 2010).

Already a number of premier B-schools in the world such as Harvard Business School, INSEAD, Yale School of Management, Indian Institute of Management (IIMs) etc. have begun a series of change initiatives in order that the MBA courses remain grounded to the emerging realities of business and society. A larger number of B-schools have heeded the emergent need to change lest they lose students’ appeal. It is heartening to note that the institutions are now enthusiastic about the balancing act so that the students have a fair mix of managerial skills and right attitudes alongside domain knowledge. Practice orientation in Management education has truly become a norm. Routine exercises to redesign curriculum in B-schools are now being used as opportunities to address deficiencies in skills, attitudes, belief-systems, world-views, domain knowledge etc. required to be successful in contemporary organizations. However, stakeholders’ involvement in curriculum redesign is abysmally low.

Besides curriculum redesign and practice orientation in sync with the changing realities in the world of business, the institutions need to focus on developing worthy faculty to meet the ensuing global shortage of educators. Datar, Garvin & Cullen (2010) have vehemently advocated the staffing model of medical schools for B-schools as well so as to ensure a steady supply of skilled instructors. In the medical schools, all the doctors of the attached hospitals serve as faculty. For example, Harvard Medical School with an entering class of 165 students had a total faculty of 10,884 in 2008-2009 that included doctors working in seventeen affiliated hospitals while the core faculty numbered 668 as per the website of the said institution. The doctors served as faculty as they led occasional clerkship, clinical rotation or small-group tutorials. The suggested model provides for meaningful and optimum involvement of practicing managers in Management education. Indeed, faculty members from practice bring a wealth of business experience that enriches both faculty research and classroom learning (Datar, Garvin & Cullen, 2010).

Management Education in India: An Overview
Management education in India formally began in 1953 at the Indian Institute of Social Welfare and Business Management (IISWBM) – the first B-School established by Government of West Bengal and Kolkata University. However, a few institutions like Tata Institute of Social Sciences (1936) and Xavier Labour Research Institute (1949) had already started training programmes for managers in personnel function well before the formal launch of first MBA programme at IISWBM. IISWBM experiment of offering two-year, full-time MBA programme was followed by Delhi University (1955), Madras University (1955), Bombay University (1955) and Andhra University (1957). A few other institutions like Administrative Staff College of India Hyderabad (1956), All India Management Association (1957), and
National Productivity Council (1958) were established to promote excellence in management practices, research and education.

The Government of India launched Indian Institutes of Management (IIMs) as centres of excellence in Management education in early 1960s. The first Indian Institute of Management was set up in Kolkata in 1961 and second in Ahmedabad in 1962. Elite club of IIMs added new members in 1973 (Bangalore), 1984 (Lucknow) and 1997-98 (Khozhikode and Indore). Currently there are 12 IIMs in the country. Over the years, IIMs have evolved as great brand in Management education across the globe and an enviable benchmark for other institutions in terms of quality of faculty, students, curriculum and placement.

Responding to huge demand for managers, many universities started MBA programmes in 1960s and 1970s. Notable entrants in the Management education were Cochin University of Science and Technology (1964), Osmania University (1964), Allahabad University (1965), Punjab University (1968), Banaras Hindu University (1968), University of Pune (1971), Kurukshetra University (1976) etc. By 1980, several state universities across the country started offering MBA programmes. Initially, MBA programmes were part of the Commerce Departments. However, most of the universities have now created Faculty of Management Studies, thus giving due credence to Management education.

Regulation of Management education began in 1987 when All India Council for Technical Education (AICTE) was formed and management education was taken as part of the technical education. AICTE helped in regulating the B-Schools in terms of governance, accountability, transparency in admission and programme administration, infrastructure, students-faculty ratio, curriculum, library, laboratories, grant-in-aid for organizing seminars, conferences, faculty development programmes, setting up of entrepreneurship development cell, institute-industry interface cell etc.

Private sector entered the Management education domain after liberalization of economy in 1991. Despite stringent regulatory framework, there was a spurt of private B-schools in the country offering Post Graduate Diploma in Management. A number of industrial/corporate houses floated their trusts or educational societies to launch B-Schools. According to statistics available on the website of AICTE, there were 1608 MBA programmes and 391 PGDM programme in the country by 2009. The phenomenal growth story of B-Schools continues albeit with lessor sparkle. While the number of B-Schools is said to be about 4000, number of MBA aspirants has declined quite significantly over last three years. As a result, many B-schools have failed to constitute full class in 2011 whereas there has been dismal response for sectoral programmes like International Business, Insurance, Banking & Finance, etc. A number of B-schools, especially those located in remote areas, are likely to close down their shops in the near future due to poor response from students for admission and corporates for placement. Even aspiring faculty members are reluctant to join such institutions.

**Emerging Issues**

B-schools in India are facing multiple issues. However, proliferation of B-Schools, quality of education, faculty shortage, poor regulatory mechanism and governance and accountability are major concerns that merit thorough critical appraisal.
**Proliferation of B-Schools:** Management education in India started in early 1950s with a noble purpose of creating a professional cadre of managers to run the businesses and become entrepreneurs. Initially the growth of B-Schools was very slow. Interestingly, in the first 30 years of B-school growth story till 1980, only 4 institutions were added on an average annually which jumped to 20 during 1980-1995, and 64 during 1995-2000. According to National Knowledge Commission, the growth rate of B-Schools during 2000-2006 rose to alarming level with annual average addition of 169 colleges (http://www.knowledgecommission.gov.in/downloads/documents/wg_managedu.pdf).

Promoters of B-schools cared little about infrastructure and intellectual capital while indulging in unmindful expansion. Taking cue from corporate houses, many promoters created so called ‘group of education’ and their motive seems to be dubious. Quick ‘return on investment’ lured many players in real estate and other sectors to start B-Schools which are supposedly run without any profit motive. Indeed, proliferation of B-Schools has defeated the noble purpose of Management education in India. A large number of B-schools are run as teaching shops without good quality faculty and adequate infrastructure conducive for learning. Thus students lose money as well as time to earn a diploma that has little value in the job market.

**Quality of Education:** An important function of Business schools is to develop relevant knowledge, serve as a source of critical thought and inquiry about organizations and management, and thus advance the general public interest as well as the profession of management (Mulla, 2007). Unfortunately, most of the B-schools have thrived on marketing gimmicks and advertising budget rather than intellectual endeavours. The Government of India (GOI) formed the All India Council of Technical Education (AICTE), a statutory body under the Ministry of Human Resources to regulate the functioning of technical institutes in India. AICTE has given full autonomy to the B-Schools vis-à-vis curriculum development, assessment of students, conduct of examination, recruitment of faculty etc. However, there are no checks and balances on these matters.

While the AICTE ensures compliance regarding infrastructure, library and laboratory facilities and student-faculty ratio, it overlooks the indicators of quality education. Although AICTE has laid down standards which are not difficult to follow, many institutes do not comply with the prescribed standards once they get approval (Jagadeesh, 2000). Unfortunately, this statutory regulatory body plays merely advisory and supervisory roles. It has no authority to penalize the institutes not adhering to the set standards. It can, at the most, cancel or withdraw the approval of the erring institute. It has been observed that obtaining extension of approval every year is taken as ritual by institutes.

Working Group on Management Education of National Knowledge Commission (2006-07) rightly observes: ‘The materials used for teaching are also not of relevance to the student background or living experiences in India. The focus on campus interviews, careers and jobs further detracts students from gaining a disciplinary understanding of the specializations and society in which they have to innovate and be influential leaders’. Report of the working Group also draws attention towards negligible debate on curriculum, pedagogy and innovation in Management education as well as lack of inherent capabilities of the
institutions to address the evolving needs of various stakeholders by upgrading and refining their courses. The scenario has spiraling impact which is reflected in the low employability of Management graduates.

Indian B-Schools are not exhibiting any significant initiative to improve the quality of education. There has hardly been any conference on quality of Management education in last several years. There is no public forum where the faculty members or deans/directors can meet and discuss the issues pertaining to Management education in general and quality of Management education in particular. Government sponsored committees appointed recently to improve quality of Management education have focused mainly on IIMs, thus leaving out large number of B-Schools managed by public trusts and educational societies. Contribution of institutions like IIMs, All India Management Association (AIMA), Association of Indian Management Schools etc. have been trivial so far as improvement of quality of education in B-Schools is concerned.

**Faculty Shortage:** Shortage of qualified faculty in Indian B-Schools is major concern. Currently the institutions are facing 30% shortage of faculty and it might rise up to 50% by 2020 if the scenario does not improve (Dave, 2011). Deans and directors of business schools observe that the key challenges faced by any institute in EQUIS accreditation are international issues (71 per cent concluded that it is most challenging) and faculty shortage (54 per cent). Additionally, management graduates are generally not inclined to enter teaching profession due to lower pay packages as compared to industry offerings.

AACCBI International (2002) report states that students who complete their MBA programme find entering job market more lucrative than pursuing doctoral programme. The report also concluded that only 40 per cent of Ph Ds opted for a career in industry. Besides, not many of them have the competency to become good faculty in B-schools. There has been no significant effort on the part of the government or other agencies in the last five decades so far as faculty development is concerned. A few IIMs run short-term Faculty Development Programmes for incumbent faculty members. However, there are fewer programmes to prepare young professionals for career in teaching and research.

Unfortunately, we do not have good number of doctoral research programmes in Management except the Fellow Programme in Management of IIMs and Ph Ds programmes of IITs. According to AACCBS report (2003), even in the developed country like the United States which produces largest number of doctorates in business management programmes, the number of business doctorates declined from 1,327 in 1995 to 1,071 in 2000. The trend is expected to continue in the future. It is estimated that by 2015, the US shortage of business Ph Ds will increase to 2,500. Similar trend is expected to exist in other countries as well.

National Knowledge Commission’s Working Group on Management Education advocates a greater role of industry in promoting research programmes in B-schools as they are the major beneficiaries in terms of steady supply of efficient manpower. Indeed, the industry can sponsor research programmes, set up dedicated research chair professorships in specific domains, grant fellowships to doctoral candidates and open their gates for collaborative research projects. Besides, the corporate houses may also encourage some of
their senior professionals to participate in research programmes and pursue higher education. B-Schools are unlikely to handle the shortage of faculty without active support from industry. The Government of India as well as state governments should also strengthen doctoral research in Management by increasing intake of students in Ph D programmes in central as well as state universities and increasing the number of Junior Research Fellowships besides increasing fellowship grants.

**Poor Regulatory Mechanism:** All India Council for Technical Education (AICTE) regulates Management education in India. However, AICTE is better known for corrupt practices rather than regulation which happens to be its statutory role. Even the National Knowledge Commission has truthfully observed: ‘...there are several instances where an engineering college or a Business school is approved, promptly, in a small house of a metropolitan suburb without the requisite teachers, infrastructure or facilities, but established universities experience difficulties in obtaining similar approvals.’ (NKC: Report to the Nation, 2006: 54).

Of late, the AICTE has started cleansing its regulatory mechanism by using a transparent online disclosure system. However, the regulatory mechanism remains inadequate due to misplaced focus on infrastructure and faculty-student ratio. Besides, AICTE does not have wherewithal to check the veracity of the mandatory disclosures although its team visits a few institutions in different regions randomly. A number of B-Schools especially in the muffosil bypass the regulatory norms regarding faculty and infrastructure. In the name of autonomy, many B-Schools overlook the dictates of AICTE. Hence, matters like fee, quality of faculty, quality of books and journals in the library etc. are at best at the discretion of the Trusts or Societies that run the B-Schools.

**Governance and Accountability:** Most of the private B-Schools in India offering Post Graduate Diploma in Management are managed by charitable trusts registered under Indian Trust Act 1908 or educational societies registered under Societies Registration Act 1860. In case of charitable trusts, the trustees are generally from the same family having absolute powers to manage the affairs of the institutions. As a result, misappropriation of funds is not uncommon. The trustees hold the office for the whole life and hence cannot be removed for their indulgences or mis-governance or incompetence. So is the case of educational societies where majority of founding members belong to the same family. Thus the governing bodies of B-Schools have unlimited power and authority without concomitant responsibility.

AICTE is concerned about compliance of the regulatory norms and hence governance and accountability do not feature in its relations with the B-Schools. Of course, the AICTE has introduced the norms regarding formation of governing body of B-Schools. But over-emphasis on compliance makes room for manipulation by the trustees. A closer look at the mandatory disclosure of B-Schools reveal that they hold only bare minimum number of meetings of Governing Councils or Academic Councils. The institutions fulfil their duties just by mentioning the numbers of meetings as the norms are silent on the quality of output of such meetings.
Conclusion
Management education across the globe is facing a unique crisis of relevance in the contemporary scenario. All the aspects of Business education such as quality of MBA aspirants, curriculum, business research, quality of research publications, industry-institute interface, management development programmes, faculty development programmes, placements, compensation packages of B-school graduates, career development trajectory of alumni, diversity among faculty as well as students, governance and accountability, etc. are under critical scanner. Indian B-schools are not untouched by the contextual compulsions of the Management education in the international arena.

B-schools in India need to revitalize Management education in the country in order to meet the expectations of all the key stakeholders such as students, faculty, society, industry, government and global community at large. Hence it is imperative that the ever-growing crisis of relevance vis-à-vis Management education is addressed collectively, enabling key-stakeholders to contribute their mite in the process and system improvements. A broad-based consultation with the stakeholders might help in developing a holistic framework for effective Management education while tackling fundamental issues of faculty shortage, lack of governance and accountability, absence of an effective regulatory body, poor quality of research and publications, lack of pedagogical innovations, lesser industry-institute interface, lower employability of B-school graduates among others. It is time to collectively reflect and take stock so that we are ready for next wave in Management education.

References


