

Changing Trends of Business & Management Education in India

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ABSTRACT

The Higher Education in general and Business/Management Education in India in particular has been passing through rough waters during recent decades and particularly in last five years, when compared to the glory it had during earlier decade, 1998-2007. India has almost 4000+ MBA Institutions / B-Schools, which produce about 4,00,000+ MBA /PGDM Graduates every year. A recent survey by AIMA (All India Management Association, New Delhi) in 2012 indicated that the employability of MBA/ PGDM graduates is just about 28-32%, immediately after their graduation, while other take anywhere from three months to one year, due to mis-match of "practical skills the graduates possess" and "what the industry expects?"

Since 2009, the glare and glory of MBA / PGDM is declining fast, and consequent to heavy fees payable and declining salary packages after their Graduation, the demand for MBA/ PGDM has witnessed a steep decline. Even, some of the MBA institutions / B-Schools are getting closed every year in last 4-5 years.

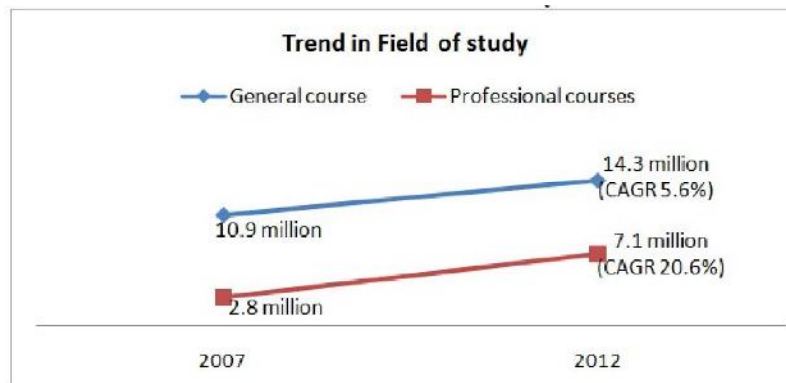
Considering this context, a critical review and analysis of current status, changing trends and future prospects for Management Education & Employability of MBA/PGDM Graduates in India is attempted in this paper. It includes broad structure of management education in India, like AICTE / non-AICTE, growth trends of AICTE institutions during 2008-12, some special approaches by few Universities like CPOP Institutions / Outreach Centres, Top 25 MBA/PGDM institutions in 2012-13, Fees structure vs. value addition students get for their investments in MBA/ PGDM, Management schools with experienced students & Faculty with PhD / high impact Publications record etc. Then a sincere effort is also made at Employability trends in this paper, and problems are enumerated and few practical suggestions are also indicated based on extensive literature review and also the critical analysis of practical perspectives, with special reference to India.

Key words : Higher Education in India, Business / Management Education in India, Employability, MBA/PGDM Graduates, Changing trends & Future prospects.

1. Trends in Growth of Higher Education in India

The field of study by Uma Pujar (2014), which was divided into General and Professional institutions. The streams offered by General Institutions are- Arts, commerce and education. The streams offered by Professional Institutions are- Engineering, medical, management, law, other professional and vocation-based courses such as hotel management, architecture, agriculture etc.

Table 1 Trend in Field of study



Source: Higher Education in India: Twelfth Five Year Plan (2012–2017) and beyond

Table 1 depicts the trend in field of study. The General courses account for 14.3 million and professional courses accounts for 7.1 million, general course having largest share of enrollment. But, enrollment in professional courses has witnessed a higher growth in the last five years. The CAGR of professional courses was 20.6% and CAGR of general courses was 14.3% during 2007-12 (Uma Pujar, 2014).

Table 2: Comparison with other countries (Number in Millions)

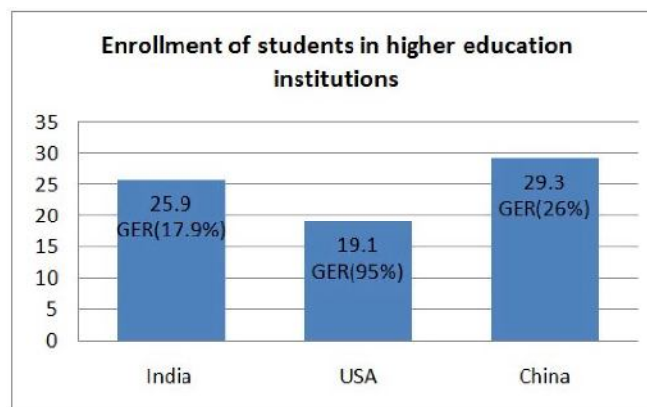


Table 2 shows the comparison between India, USA and China in terms of enrollment of students in higher education institutions. India ranks second in the world in terms of enrollment of students in higher education institutions. India's GER was 17.9% (2012), China 26% and USA 95% in 2010. (Uma Pujar, 2014).

Table 3 Enrolment by Faculty wise during the Eleventh Plan (lakh)

	2007-08		2011-12		
	Total	%	Total	%	
Arts	59.3	38.45	61.8	30.6	2.48
Science	27.37	17.75	31.3	15.5	3.9
Commerce & Management	24.41	15.83	29.9	14.8	5.46
Education	7.32	4.75	12	5.92	4.63
Engineering	24.14	15.65	49	24.3	24.82
Medicine, Nursing &	6.86	4.45	10.9	5.41	4.05
Agriculture & Veterinary	1	0.65	1.21	0.6	0.21
Law	2.69	1.74	3.27	1.62	0.58
Others	1.11	0.72	2.74	1.29	1.63
Total	154.2	100	202	100	47.79

Source: ASHE - Annual Status of Higher Education in States and UTs, 2012

Table 3 depicts the Enrolment by Faculty wise during Eleventh plan. The total enrolment during 2007-08 and 2011-12 among the various faculties, the maximum growth in enrolment has been increased in the faculties of engineering (24.82% increase), followed by commerce and management (5.46%) and education (4.63%). As on 2011-12, the maximum students have been enrolled in faculty of arts (30.6%) followed by engineering (24.3%). (Uma Pujar, 2014).

Table 4: Number of Universities, Colleges, Students and Teaching staff Enrolment during last four decades

Year	Universities	Colleges	Students enrolment (in millions)	Teaching staff enrolment (in millions)
1970-71	103	3604	2	NA
1980-81	133	4722	2.8	0.19
1990-91	190	7346	4.9	0.26
2000-01	256	12806	8.4	0.41
2006-07	387	21170	16.6	0.82
2011-12	659	33023	25.9	NA
CAGR	4.6	5.6	6.4	4.9

Source: Higher Education in India: Twelfth Five Year Plan (2012-2017) and beyond

Table 4 depicts the number of Universities, Colleges, Students and Teaching staff enrollment during last four decades. In India, the number of Universities has grown more than six times in the last four decades. It has more than 33,000 colleges with one-third of the colleges having been setup in the last five years. Students' enrolment in higher education in the year 1970-71 was 2 million and 25.9 million in the year 2011-12, which has grown 12 times in the last four decades. The teaching staff enrollment strength was 0.19 million in the year 1980-81 and it was 0.82 million in the year 2006-07, which has grown only 4 times during last three decades. (Uma Pujar, 2014).

Uma Pujar (2014)'s study analysed and concluded that the students' enrollment in higher education has grown six times in the last 30 years; the faculty strength has grown only four times, resulting in shortage of faculty and high student-teacher Ratios. General courses account for the largest share of enrollment but enrolment in professional courses (such as engineering and medicine) has witnessed a higher growth in the last five years. There is wide disparity in the Gross Attendance ratio (GAR) of higher education in urban and rural areas, and gender and community-wise, Urban-rural divide 30% in urban areas vs 11.1% in rural areas, there is significant gender disparity dividing 19% for male and 15.2% for female and differences also across communities — 14.8% for OBCs, 11.6% for SCs, 7.7% for STs and 9.6% for Muslims.

2. Challenges Facing Global Higher Education & Higher Education Trends in 2030

The enormous challenge facing global higher education in the next decade is the uneven distribution of human capital and funds, which will allow some nations to take full advantage of new opportunities while others drift further and further behind. This is one of several future trends predicted by a report for the UNESCO World Conference on Higher Education. *It says accelerating change is presenting more complex problems with each passing decade.*

The UNESCO commissioned Report 2009 says 'Talk and chalk' is far from adequate as we move further into the 21st Century. They concluded that, "Future Trends of higher education include: massification, rapid globalisation, impacts of technology, and movement of students and scholars, programmes and institutions across borders -will continue. The future will be shaped by shifting demographics, technological breakthroughs, and international political and economic forces. But it is possible to identify emerging trends" (Altbach, Reisberg and Rumbley, 2009).

The UNESCO report also revealed that "an expansion has not solved persistent social inequalities. Students from minorities, rural areas, older students and the disabled are underrepresented. "Modern societies are increasingly concerned with greater access for these population groups."

It is now recognised that higher education has not become more inclusive or accessible if large proportions of 'new' students fail. In future, the authors point out, "institutions will be

measured by their success at supporting students through to completion, not by simply getting more students through the door. This new perspective implies changes, and not only in how institutions measure success -reputations and budgetary allocations will also be affected.

The meaning of 'completion' has also changed. Achievement has been measured by credits, academic performance and qualifications awarded. Now universities must be accountable for what and how students learn. There will be rising concern about the nexus of issues around achievement and learning.

Expansion higher education has continued at "a staggering rate" - from 51,160,000 tertiary students in 1980 to nearly 140 million in 2006: demand will continue to grow but will come from separate sectors in different countries (Altbach, Reisberg and Rumbley, 2009).

Further, various analysis (in 2008) has indicated that, *the Organization for Economic Cooperation and Development (OECD) identified several key demographic trends for the period to 2030. Some of the key elements are:*

- a) *Student participation will continue to expand, as will higher education systems. Only a few countries will see a contraction in student numbers;*
- b) *Women will form the majority in student populations in most developed countries and will substantially expand their participation everywhere;*
- c) *The mix of the student population will become more varied, with greater numbers of international students, older students, part-time students, and other types;*
- d) *The social base in higher education will continue to broaden, along with uncertainty about how this will affect inequalities of educational opportunities between social groups;*
- e) *Attitudes and policies relating to access as well as the consciousness among disadvantaged groups will change and become more central to national debates;*
- f) *The academic profession will become more internationally oriented and mobile but will still be structured in accordance with national circumstances;*
- g) *The activities and roles of the academic profession will be more diversified and specialized and subject to varied employment contracts; and*
- h) *For many developing countries, the need for ever-expanding numbers of university teachers will mean that overall qualifications, now rather low, may not improve much, and current reliance on part-time staff in many countries may continue.*

3. Current status for Business & Management Education in India

3.1 Preamble

A boom in India's management education sector that saw the number of business schools triple to almost 4,000 over the last five years has ended as students find expensive courses are no guarantee of a well-paid job in a slowing economy. *The different terms of business education, management education, MBA institutions, B-Schools, management departments and MBA & PGDM qualifications are used as synonyms, in this review paper.*

India's seemingly unstoppable economic rise, an aspiring middle class' desire to stand out in a competitive job market, and a lucrative opportunity for investors fuelled a bubble in business education that is now starting to deflate. About 140 schools offering Master of Business Administration (MBA) courses are expected to close in 2012, as 35 percent of their places were vacant in 2011-12, up from 15-20 percent in 2006-07, a report by ratings agency CRISIL found. (Aditi Shah, 2012)

"The boom which was there has gone," said Anshul Sharma, Chairman of Asma Institute of Management, which he started in 2004 in Pune, about 150 km (95 miles) from Mumbai. *"Those who entered this industry with a motive to make money are leaving because there is not much money left. Every college is working to sustain itself,"* said Sharma. There was a near four-fold rise to more than 352,000 MBA course spots in the five years to March 2012. (Aditi Shah, 2012). In a city such as Pune or Bangalore, something of an education hub, *it costs about 40-50 million rupees over two years to set up a management school,* which can be as basic as a modest building with classrooms, a small library and a computer room.

1.1 Broad structure of Management Education in India

Private education is big business in India. KPMG pegs the industry at nearly \$50 billion and projects it to reach \$115 billion by 2018. But growth rates are not uniform across the primary, secondary and tertiary education sectors (Aditi Shah, 2012). *"A third of all management colleges are struggling,"* said Narayanan Ramaswamy, a partner at KPMG. At the peak before the global financial crisis, new business schools were cropping up almost every day, some in remote towns where even quality secondary education is hard to come by.

There are two strands of MBA courses:

MBA degrees are offered by schools overseen by the All-India Council for Technical Education (AICTE), the regulatory body for higher education. These schools must be affiliated to a university, have a maximum of 120 students and fees are capped by state governments.

A second stream allows colleges to offer diplomas that are not accredited by AICTE. There are no standardised curriculums, class sizes are bigger and fees can be higher. An institution can offer both accredited and non-accredited MBA courses.

3.1.1 AICTE approved MBA (through State & Technical Universities)

The AICTE approved MBA degrees are generally offered through State & Technical Universities, and their status according to AICTE Annual Report, 2011-12 are as follows:

Table 5: Status of AICTE Approved MBA Schools in 2012 & 2013

AICTE-approved MBA Schools		
Region	No: of MBA institutes in 2012	No: of MBA institutes in 2013
Central India	369	372
Eastern India	147	150
North-West India	472	477
Northern India	522	527
South -Central India	943	943
South- West India	277	278
Southern India	395	397
Western India	416	417
Grand Total	3541	3561

Source: AICTE Annual Report 2011-12 and <http://www.aicte-india.org>

3.1.2 AICTE approved PGDM (through reputed Private B- Schools)

The AICTE approved PGDMs are generally offered through reputed Private B- Schools, and their status according to AICTE Annual Report, 2011-12 are as follows:

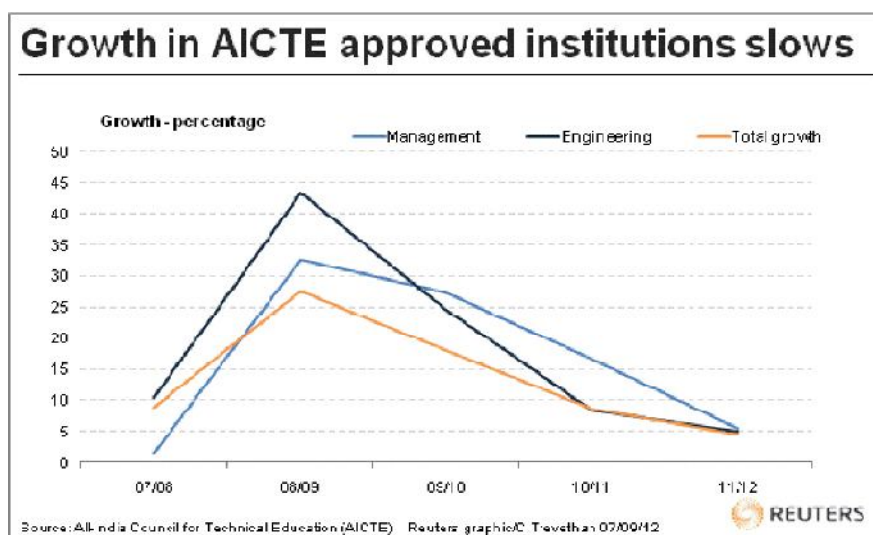
Table 6: Status of AICTE Approved PGDM Schools in 2012 & 2013

AICTE-approved PGDM institutes		
Region	No. of PGDM institutes as on 31st March 2012	No. of PGDM institutes in 2013
Central India	33	21
Eastern India	31	8
North-West India	42	64
Northern India	93	48
South -Central India	27	53
South- West India	24	23
Southern India	6	33
Western India	52	33
Grand Total	308	283

Source: AICTE Annual Report 2011-12 and <http://www.aicte-india.org>

However, the flair for AICTE approved institutions offering MBA / PGDM are on decline during 2008 and 2012, as we can observe from the following Graph 1:

Graph 1 : Trends of growth in AICTE approved institutions during 2008 & 2012



3.1.3 University MBA's through special approaches like Partner Institutions and Outreach Centres

Some Universities operating under the purview of UGC (University Grants Commission), have got prerogative to operate only in their area of permitted jurisdiction. However, they can operate outside their jurisdiction under some special provisions or schemes.

This has been strategically utilized by few universities and two of them can be mentioned here under.

Bharathiar University, Coimbatore, Tamil Nadu has established Centre for Participatory & Online Programmes (CPOP) and has been recognizing Partner Institutions under this CPP since 2009 to offer various UG & PG programs, including MBA. As of 2013, there are 212 CPOP Partner Institutions in India and there are an estimated 22,000 students enrolled for MBA in 2011-12, however this is on declining trend in 2013 due to various delays in Academic calendars, examinations schedules and also declaration of results (www.b-u.ac.in).

Similarly, *University of Mysore* came out with a concept of Outreach Centres in 2010 and it has a total of 92 Institutions by 2013-14 offering various UG & PG programmes, however MBA has a major share in this approach. During 2010-12, University of Mysore had just 40 outreach centres, which gave additional approval to 34 institutions in 2012-13 and 18 institutions in 2013-14 (www.uni-mysore.ac.in). During 2012-13, the number of

students appearing for MBA was almost about 3000+ students across all these outreach centres of University of Mysore, and it is expected to cross 5000+ students during 2013-14.

3.1.4 Distance & Online MBA programs

In addition to the above regular MBA / PGDM offering institutions / B-Schools, there are many Distance Education MBA programs of various Universities including IGNOU, where average pass % is just about 15-20% in MBA in IGNOU, while the pass % in other Distance MBA programs is in the range of 40-60%.

3.1.5 Top 25 Full time MBA/PGDM institutes in India

As per the latest survey undertaken by www.Shiksha.com, the details of Management Courses offered along with their fees and cut-off scores of CAT / GMAT / other tests are given below:

Table 7 : Top 25 Full time MBA/PGDM institutes in India (2012-13)

Sl. No.	Name of Institute	City	Course	Fees (Rs. Lakh)
1	IIM, Ahmadabad (IIMA)	Ahmadabad	PGP	15.50
2	IIM Calcutta (IIMC)	Kolkata	PGDM	13.56
3	IIM, Bangalore (IIMB)	Bangalore	PGP	15.00
4	IIM, Lucknow(IIM)	Lucknow	PGP	12.00
5	Xavier Labour Relations Inst. (XLRI)	Jamshedpur	BM	12.00
6	Faculty of Management Studies (FMS)	Delhi/NCR	MBA	20.96
7	IIM, Kozhikode (IIMK)	Kerala-Other	PGP	9.70
8	IIM, Indore (IIMI)	Indore	PGP	13.00
9	S. P. Jain Inst. Mgt. and Research	Mumbai(All)	PGDM	10.30
10	Indian Inst. of Foreign Trade (IIFT)	Delhi/NCR	MBA (IB)	10.00
11	Jamnalal Bajaj Inst. of Mgt. Studies (JBIMS)	Mumbai(All)	MMS	20.0
12	Mgt. Devt. Inst. (MDI)	Delhi/NCR	PGPM	14.91
13	National Inst. of Industrial Engg (NITIE),	Mumbai(All)	PGDIM	4.00
14	Shailesh J Mehta School of Mgt., IIT Bombay	Mumbai(All)	M. Mgmt	8.98
15	Symbiosis Inst. of Business Mgt. (SIBM)	Pune	MBA	10.50
16	NMAT-SVKM's NMIMS (Narsee Monjee Inst. of Mgt. Studies)	Mumbai(All)	MBA	8.02
17	Inst. of Mgt. Technology - IMT	Delhi/NCR	PGDM	12.15
18	Tata Inst. of Social Sciences (TISS)	Mumbai(All)	MHA	NA
19	Mudra Inst. of Communications, (MICA)	Ahmedabad	PGDM(C)	12.00
20	Indian Inst. of Technology Delhi (IIT Delhi)	Delhi/NCR	MBA	4.00
21	Xavier Inst. of Mgt. Bhubaneswar	Bhubaneswar	PGDM	9.90
22	Symbiosis Centre for Mgt. & HRD(SCMHRD)	Pune	MBA	9.80
23	Vinod Gupta School of Mgt. (IIT Kharagpur)	Kharagpur	MBA	6.74
24	Rajiv Gandhi Indian Inst. of Mgt. (IIM-Shillong)	Meghalaya-Other	PGP	8.00
25	Indian Inst. of Tech., Kanpur (IIT Kanpur)	Kanpur	MBA	14.7

Source : www.Shiksha.com

3.2 Growth of MBA / PGDM Seats in India

On the overall, according to a recent survey in 2012-13 by AIMA, New Delhi, the number of MBA Institutions & B-Schools in almost 4000 and they are producing about 4,00,000 MBA Graduates. However, the alarming fact is that only about 28-32% of these 4,00,000 will get their job offers either before MBA completion OR immediately after their completion.

Further, the packages offered by companies in 2009 have been offering jobs with about 25-40% lesser packages in 2012 & 2013.

3.3 Growth of Batch sizes in selected IIMs

This trend of declining salary packages can be attributed to unwieldy increase in no. of MBA seats including IIMs. The following table 8 speaks in itself the figures.

Table 8 : Status of Batch size for PGDM in selected IIMs in 2012 & 2013

Batch Size	2012	2013
IIM Calcutta	350	462
IIM Lucknow	380	430
IIM Kozhikode	317	325
IIM Rohtak	37	122

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

3.4 Exponential increase in fees at IIMs in India

On one hand we are witnessing increase in MBA / PGDM seats, while the fees in hitting the sky-high figures in most case, where reputation is high and fees is sharply getting declined where the quality of education & placements are poor.

Aditi Shah (2012) and www.inreuters.com have analyzed the scenario of management Education in India in 2012. It broadly reveals that

- o When demand was outrunning supply, students were willing to pay high fees for the autonomous courses, that tend to be more industry-relevant, to get a leg up in the job market.
- o “People who had some land and money saw a great investment opportunity in the demand-supply gap and there was a rush to open schools,” said Dhiraj Mathur, executive director at PricewaterhouseCoopers. “They were not thinking about the faculty, location, employability & brand name. They thought setting up a school would take care of the rest.”
- o Now, some new institutions are discontinuing their autonomous courses despite often better quality education, because with no guarantee of a job, students are opting for cheaper, AICTE-approved courses.

- o “Today, students do not ask what and how they will be taught. They only ask about placements and salary packages, and what discounts we offer on the fees,” he added. “This is spoiling the education system but if we don’t try and accommodate them we will not be able to survive.”
- o Elite institutes still attract students despite high fees as they have strong reputations, and their graduates are favoured by recruiters. As a result, competition is fierce for the relatively few places in the state-run Indian Institute of Mgt. (IIM) in Ahmadabad, and the Indian School of Business (ISB), started by two former McKinsey employees in Hyderabad.
- o Fees at IIM in Ahmadabad are 1.55 million rupees for the two-year MBA program (2012).
- o ISB, Hyderabad, an autonomous college charges 2.2 million rupees, which is associated with international schools like Kellogg, Wharton and London Business School.

A recent research survey by CAREERS360 in 2013, indicates the sharp increase in Fees of IIMs during 2007 to 2013, which can be observed clearly in the Table 9 below:

Table 9 : Trends of Exponential rise in Fees for PGDM in selected IIMs during 2007 and 2013

EXPONENTIAL RISE IN FEES AT THE IIMS - INDICATIVE LIST							
B-Schools	2007	2008	2009	2010	2011	2012	2013
IIM Ahmedabad	4.3	11.5	12.5	13.7	14.4	15.5	16.0
IIM Bangalore	5.0	9.5	11.5	13.0	13.0	15.0	17.0
IIM Calcutta	5.0	7.5	9.5	13.5	13.5	13.5	13.5
IIM Lucknow	4.0	8.0	8.0	8.0	8.0	12.5	10.8
IIM Kozhikode	4.0	9.0	10.0	10.0	9.7	9.75	9.75
IIM Indore	3.9	7.1	10.0	10.0	12.0	13.0	13.0
* All Figures in Indian ₹ in lakhs							

Source: Careers360 Research

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

Today we live in Global Economy, hence we have to look everything in Global Perspective. When we consider the MBA fees on GDP / per capita basis in selected countries in different continents we get a shocking surprise that India has seen a whopping 1603% increase in fees, while in USA it is 225% followed by 165% in UK, 113% in Singapore & 73% in Australia.

The details can be seen clearly in the Table 10 below:

Table 10 : MBA Fees as a ratio of per capita (in US \$) in different countries, during 2012

MBA fees as a ratio of per capita - a comparison			
Country	Per capita (Nominal)	Cost of full-time MBA	Cost as % of per capita
USA	49,922	112,350	225%
UK	38,589	63,800	165%
Singapore	51,162	58,000	113%
Australia	67,723	49,378	73%
India	1,492	23,923	1603%
Pakistan	1,296	11,448	883%
Source: Per capita info from IMF (2012) & tuition fees from institute's websites. The institutes are - USA: Harvard Business School; Singapore: National University of Singapore; UK: Saïd Business School, University of Oxford; India: IIM Ahmedabad; Australia: University of Melbourne; Pakistan: Lahore University of Management Sciences * All figures in US\$			

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

4. Changing Trends for Business & Management Education in India

Till recently, we had most of the leading B-Schools have few of the experienced students to enroll for MBA / PGDM programs, however the trend is changing especially in top rung B-Schools of high reputation only.

Otherwise fresh graduates continue to flood other AICTE approved MBA / PGDM institutions. It can be observed from Table 11 that some of the best B-Schools have been enrolling students with average 2 or more years of work experience and they are known to provide value for high fees they charge and also the placement offers they provide at the end of MBA / PGDM. *Interestingly, a large majority of these B-Schools are privately managed institutes, who rely primarily on quality management education.*

Table 11: MBA Schools with Experienced students in 2012-13

Schools with experienced students	
Name of the Institute	Work Exper> 2yrs.
Great Lakes Institute of Management, Chennai	99%
Indian Institute of Management, Lucknow	53%
Symbiosis Institute of Operations Management	46%
Prin L.N. Welingkar Institute of Management Development & Research, Mumbai	45%
IIT-Delhi, DMS	43%

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

5. Current problems of majority of MBA Institutions & B-Schools

At present, we hardly find MBA/ PGDM Institutions & Faculty with strong Research, Consultancy and Industrial Exposure. Hence, they fail or do inadequate justice for quality Practical-orientated teaching-Learning system, which can be seen from Tables 12 & 13 below.

Table 12: MBA Schools as percentage of Faculty with PhD in 2012-13

Percentage of faculty with PhD	
Name of the Institute	PhD/ Fac Ratio
Indian Institute of Management, Bangalore	98%
Indian Institute of Management Lucknow	92%
MDI	84%
Institute of Management Technology, Ghaziabad	88%

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

Table 13: Top 10 B-Schools having highest publications in 2012-13

Top ten schools in publication
IIM Bangalore
IIM Calcutta
Indian School of Business, Hyderabad
Management Development Institute (MDI), Gurgaon
IIM Lucknow
Indian Institute of Science (Department of Management Studies), Bangalore
IIM Ahmedabad
IIT Madras (Department of Management Studies)
IIT Bombay (Shailesh J Mehta School of Management)

Source : Mahesh Sarma B. and Dr. Nimesh Chandra (Ed.), 2013

6. Some of the primary reasons for decreasing employability and pay packages for MBA Graduates

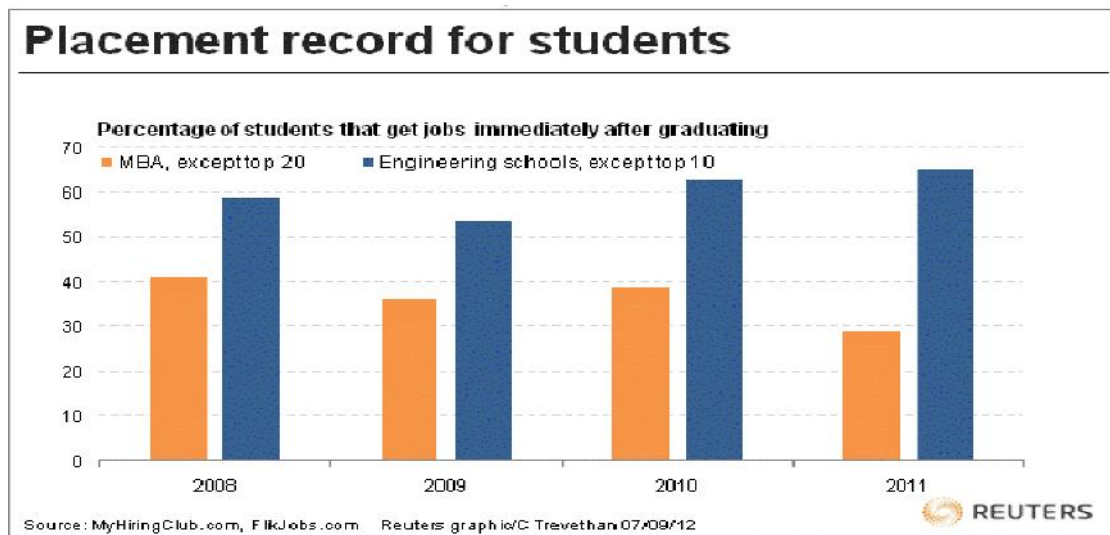
6.1 But the allure of so-called B-schools outside the top tier is fading as the economy grows at its slowest in nine years, with the financial sector especially sluggish, and amid questions about the quality of some schools. Only 29 percent of graduates from Indian business schools - excluding those from the top 20 schools - get a job straight after completing their course, compared with 41 percent in 2008.

Aditya Dighe took out a 330,000 rupee loan to fund his MBA from a school in India's financial hub of Mumbai. Four months and 18 job interviews after graduating, the 26-year-old is still looking for a job that will pay enough to cover his expenses and monthly loan installments of 10,000 rupees. (Aditi Shah, 2012)

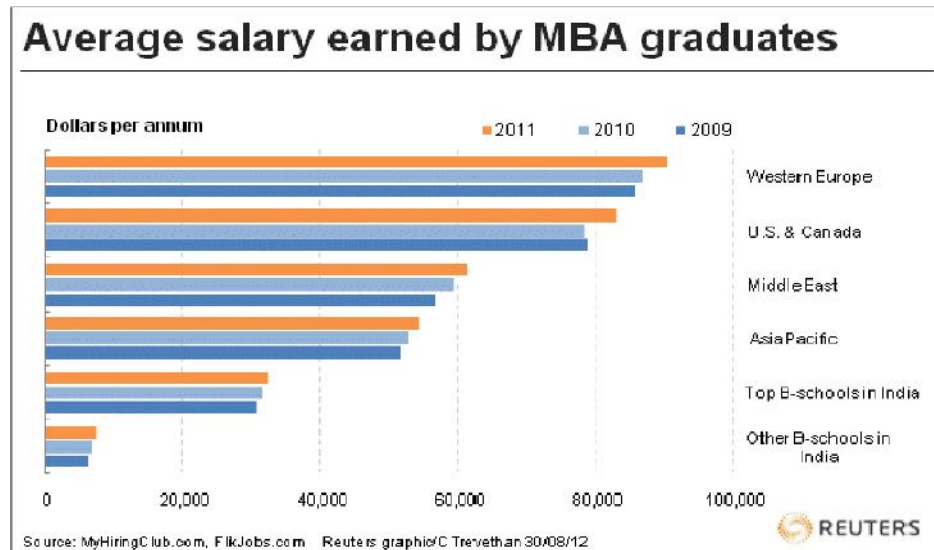
6.2 Online job portal *www.MyHiringClub.com* found the average starting salary for graduates of India's top B-schools was about \$32,400, about 1.8 million rupees, more than four times the average of \$7,550 for other MBA graduates.

Lavina Thadani, a 23-year-old MBA graduate from Pune, settled for a low-paying job in the capital markets team at a media house after a three-month search yielded little else. "I expected more after spending so much on my MBA," said Thadani who took a 300,000-rupee loan to get her degree but earns only about 200,000 rupees a year. "If I had known earlier I would have never done my MBA," she said. "The B-schools have promoted their brand only on placements and by boasting about salary packages. The course is theoretical and you don't learn the skills corporates want," he said. (Aditi Shah, 2012)

Graph 2 : Trends of Placement record for MBA students (except top 20 B-Schools) during 2008 & 2011



Graph 3 : Trends of Average Salary for MBA students (in US \$ per annum) across the globe, during 2009 & 2011



6.3 National Employability Report, MBA Graduates 2012

Management education has witnessed a mushrooming growth in India from just 200 MBA colleges in the early nineties to around 3300¹ MBA colleges in 2012. There has been a remarkable focus and success on building capacity in management education in India². Having trained business graduates fulfills a big need given the pace of growth experienced by industry post liberalization. The industry today looks for trained manpower in sales, marketing, HR and finance roles in large numbers. Formal training of employees in basic business frameworks and concepts is a key success ingredient in the not-so-mature Indian industry. It is important thus to find out whether the quality of education has kept pace with the phenomenal jump in quantity. Do our management graduates have the skills which are required to be employable in the industry from the perspective of language competency, cognitive skills, and functional and people skills?

Aspiring Minds is in its third year of assessing MBA students across the Nation on a standardized multi-dimensional assessments and matching them to an array of jobs in different industrial sectors and profiles. We, today, have amassed substantial learnings – both conceptual and empirical – with regard to what makes someone employable in a management or business role in a company and what skills MBA graduates bring to the table. Defining employability in these roles, which require people interaction and people management, is not straightforward. As opposed to engineering roles, where cognitive and functional skills are enough to succeed in a role, a complex mix of personality trait and spoken and written language skills (apart from cognitive and functional skills) become important in quantifying

employability in the management space. For instance, a person with great spoken English, logical ability, but without being extraverted, will fail in a sales role. On the other hand, till he/she doesn't have good written English skills as well, he/she may not do well in a corporate sales role.

The 'National Employability Report: MBA Graduates 2012' answers these questions and many more. We sincerely believe that this report will provide educationists, policy-makers and corporations (who are all equal stake-holders) reflect and implement the right interventions to bridge the gaps. We, on our end, will strive to provide an annual report card of management education in India and helping students across the Nation by providing feedback on their skill gaps and connecting them to matching jobs.

Key Findings of 'National Employability Report: MBA Graduates 2012' are as follows:

- a) *Employability of management graduates in functional domains remains below 10%*
- b) *Whereas employability for management students range between 10–20% for roles involving client interaction, it remains below 10% for any functional role in the field of HR, Marketing or Finance.*
- c) *Only 7.69% MBA-finance students are employable in the BFSI sector, which has created a very large number of jobs in the last decade.*
- d) *Whereas 32% management graduates lose out because of lack of English and Cognitive skills, at least 50% students are not employable in functional domains for lack of knowledge and conceptual understanding of the domain.*
- e) *Gender ratio in Indian management schools compares to that in global top management schools. The male-to-female ratio in business schools in India is pegged at 1.64, better than that in engineering schools (1.98) & worse than that for graduates (3-year degree courses, 1.09).*
- f) *Within the discipline of management, highest proportion of women are in the HR (MFR: 0.36) domain and least in marketing (MFR: 5.97). Even though the employability of males and females is similar, females have a dismal representation of 23% (MFR: 3.76) in business in India.*
- g) *English and Finance constitute the hardest skills to attain for MBA students. For students in tier II and tier III cities, a large gap is observed in English language skills (35 score points as compared to colleges in tier I cities) and Finance (45 score points). Even if candidates from non-metro cities pursue their education in MBA schools in metros, their disadvantage in English and Finance is not completely eradicated.*

- h) It is recommended that intervention in both English and Finance education be done early in the career of candidates.
- i) *At least 40% of employable management graduates are invisible to enterprises.* Out of 3300 management schools in the country, more than 40–55% employable candidates study beyond the top 1000 campuses.
- j) *Given a total of 1.5 lakh management students, at least 48% employable candidates are in the latter 2300 campuses.* Given that no corporation has a campus recruitment plan beyond the top campuses, these candidates form an ‘invisible pool’. Corporations should build mechanisms to tap into this un-tapped talent pool to fulfill their ever increasing talent requirements.
- k) AMCAT for MBAs ; A comprehensive evaluation, AMCAT gives MBAs a detailed input on their personality and their job suitability in various sectors and roles. AMCAT for MBAs evaluates aspirants on their communication, aptitude, personality and management domain skills. A sophisticated employability assessment product, AMCAT for MBAs is conducted over computers at MBA institutions across the country.
- l) AMCAT also contains specialized domain modules for finance, marketing, Human Resources and accounting. The seven stroke feedback® allows MBAs to understand the key challenges to effective employment and objectively guide them to possible ways to improve the same.
- m) AMCAT has been conducted at over 300 colleges across the country for tens of thousands of MBA. The test reaches to remote states and small towns giving equal access to candidates in obscure parts of the country.
- n) AMCAT provides MBAs detailed input on their employability for entry level jobs in banking, insurance, financial services, information technology, KPOs, BPOs, etc. The scientific personality evaluation helps candidates choose the right career keeping in mind their strengths. The diagnostics & job match allows candidates to identify their weaknesses and plan the appropriate trainings to improve their employability in the above sectors.

7. Immediate challenges for Business Education Institutions in India

The burgeoning Indian economy is in demand of high quality managers to oversee the nation's growing businesses. Hence acquiring an MBA is a valuable proposition ensuring a quick return on investment. In terms of growth, management education in India has made India Shining to keep pace with demand. There is no dearth of the offerings ranging across two years' MBA degree or diploma or certificate, executive MBA, evening and part-time MBA even backed with distance learning. But the main doubt precipitates with the quality of MBA education.

Indian business schools vary widely in terms of the quality of faculty, curriculum, infrastructure, and placement record. Although few schools, including the Indian Institutes of Management, are reputed for high quality education, however, the academic standard in many business schools are not up to the mark. At the low end of the spectrum, schools even charge exorbitant fees from gullible students in lieu of negligible academic value.

According to *www.educationtimes.com*, and against this backdrop, the *immediate challenges for management education* are:

- a) To enhance the academic standards across the board to create a reasonably large pool of good quality institutions loaded with good faculty.
- b) The paucity of good faculty can be addressed if the top business schools offer sound doctoral programmes by collaborating with each other and with schools abroad making use of new technologies.
- c) Rating and accrediting agencies have to focus on the lower end of the spectrum of business schools, so that there is stringent enforcement of quality standards, leading to the natural closure of mere teaching shops.
- d) Management schools need to modify their curricula incorporating courses on global leadership, diversity management, managing across cultures, business history, managerial sociology and psychology etc.
- e) Overcoming the basic business proposition, the enhancement of careers measured mostly in terms of salary, business schools in India need to enhance ethical, interpersonal and intercultural sensitivity of students as an integral part of management education.
- f) Aided by information technology, to use micro data for managerial decisions, knowledge of quantitative data analysis and modelling needs to be strengthened.
- g) Increasing size and complexity of organisations require soft skills and counselling to manage diverse teams working in different geographies.
- h) Since the discipline of management has been more reactive to its environment, greater emphasis is needed on basic and applied research to lead to practice.
- i) Good schools need to keep the global best schools as their mentors.

5. Major problems in current Business Education in India

Based on the above listed review, analysis etc, *we can summarize the major problems of Management Education in India* are follows:

- i. The syllabus of MBA/ PGDM in most of the Institutes / Universities is outdated and not up-to-date, as per the requirements of the industry

- ii. The Faculty in MBA Institutions / B-Schools / MBA Depts. of Universities are mostly having Academic/Theoretical orientation only, without much of practical-oriented teaching
- iii. Very few Faculty in large majority of MBA Institutions / B-Schools / MBA Depts. of Universities are having PhD, and those who have are only to meet the regulatory requirements and not having adequate depth of understanding in Research
- iv. Most of the Faculty in large majority of MBA Institutions / B-Schools / MBA Depts. of Universities are teaching only theory, but focusing on developing / building-up the skills, which the industries really require
- v. The MBA/PGDM students in large majority of MBA Institutions / B-Schools / MBA Depts. of Universities are having UNREALISTIC EXPECTATIONS w.r.t. salary package / designation / facilities etc, without realizing their inherent deficiencies in knowledge, skill, and attitudes
- vi. There has been very few practical research and application oriented summer internships / project works are undertaken by the MBA/ PGDM students
- vii. Most of the Faculty in large majority of MBA Institutions / B-Schools / MBA Depts. of Universities are having few practical research and consultancy oriented Research publications, hence their understanding is superficial and more to meet the regulatory requirements, than to quench the hunger of learning of students.
- viii. We in India heavily depend upon the Western case studies / practical research while we teach at MBA Institutions / B-Schools / MBA Depts. of Universities, but have least focus on developing path-breaking research findings / case studies based on Indian Industry experiences, which disconnects the Industry from Academia.

8. Future prospects for “Quality-driven and Application-oriented” Business & Management Education in India

If the concerted efforts and integrated approach is adopted by all the stake holders of Management Education like Governments, AICTE, UGC, Universities, MBA Institutions / B-Schools / MBA Depts. of Universities, Industries, Financial Institutions, Professional bodies and MBA/ PGDM students etc we can see a bright future for “Quality-driven and Application-oriented” Management Education in India.

The following broad measures are suggested in this direction:

- 1) All the MBA Institutions / B-Schools / MBA Depts. of Universities etc should focus on “Quality-driven and Application-oriented” Management Education in India (like in Medical Education which is practice-driven learning), than running them as another set of money-making tools by non-academician businessmen.

- 2) The MBA Institutions / B-Schools, especially the private managed ones, should stop the ugly practice of “Over-promise and under-delivery to the MBA/PGDM students”, which may attract the students in short term basis, but will adversely affect the sustainability of institution building.
- 3) The Faculty should be recruited in MBA Institutions / B-Schools / MBA Depts. of Universities, who have not only academic orientation but it is expected that the Faculty to have research aptitude and industry experience
- 4) The primary focus should be given on “practical and application-oriented learning” than just theoretical teaching by the Faculty at MBA Institutions / B-Schools / MBA Depts. of Universities
- 5) More of practical exposure should be given through Industrial Visits, Case study analysis, Industry Institute Interaction (IIIs), CEO talks etc
- 6) The MBA/PGDM students should be encouraged to participate actively in various professional forums like
 - a) National Institute of Personnel Management (NIPM)
 - b) National HRD Network (NHRDN)
 - c) Bangalore Management Association (BMA)
 - d) Quality Circle Forum of India (QCFI)
 - e) SHRM India / MTHR (More Than HR Global)
 - f) Academy of HRD
 - g) Association of Bangalore Coaches (ABC)
 - h) Forum of Learning & Development (FOLD)
 - i) Indian Society of Chartered Accountants (ISCA)
 - j) Computer Society of India (CSI)
 - k) HR Clubs – in their college / institutions / company, etc.
- 7) The MBA Institutions / B-Schools / MBA Depts. of Universities should tie-up / collaborate with best B-Schools in India & Abroad to share the Excellent Practices in nurturing Quality Management Education
- 8) The Practical projects should be given in each of the four semesters and it could be as follows:
 - a) 1st Semester : Industry Analysis Projects & student presentations
 - b) 2nd Semester: Organizational study & student presentations
 - c) 3rd Semester : Practical problems & & student presentations

- d) 4th Semester : Practical problems with solutions & student presentations, where the role of Industry mentor will be critical
- 9) There should be a *strong Mentoring system for all the 4 semesters* of MBA/ PGDM, like
 - a) Industry Expert - Faculty
 - b) Faculty – student
 - c) Senior Student – Junior Student
 - d) Senior Professor – Junior Faculty
- 10) The Alumni Association & Network with Alumni should be built-up on strong foundation, which is likely to address most of the Employability related issues
- 11) Last but not the least, the MBA institutions / B-Schools with intake of admission of <30 for 2 consecutive years should not be allowed to operate & function, since they will compromise on quality of teaching / training, due to financial viability issues

10. Conclusions

It can be observed from the afore-mentioned analysis & review that Higher Education Institutions/ Universities in general and *MBA Institutions / B-Schools / MBA Depts. of Universities in particular should primarily play a game of Quality-driven and Application-oriented Business /Management Education in India.*

If the concerted efforts and integrated approach is adopted by *all the stake holders of Business Management Education like Governments, AICTE, UGC, Universities, MBA Institutions / B-Schools / MBA Depts. of Universities, Faculty & Researchers, Industries, Financial Institutions, Professional bodies and MBA/ PGDM students etc* we can see a bright future for Management Education in India.

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