

A study on Indian Business Education System in a Globalised Environment

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ABSTRACT

The Indian Higher Education System is facing an unprecedented transformation in the coming decade. The transformation is being driven by economic and demographic change. By 2020 the Indian Government aims to achieve 30% gross enrolment in higher education from the present 18%. India accounts for 4% of the world's overseas students and has now emerged as the larger exporter of students after China. The Indian Management Education is also undergoing a paradigm shift in various spheres. India boasts of a large pool of talent, some of the best educational institutions but we have to develop a proper theoretical framework which is embedded within the structural and functional arrangement of our system. In this process, we have to increase the fitness of our management education system so that it can belong to local as well as global environment. The effort to reach out globally will also play an important role in exchanging institutional learning and in broadening the perspective of the faculty and the students and result in improvement of business education in India. In the above background the article analyses the scope of Indian Business Education System in a globalised environment and concludes that it is not sufficient if a large numbers of Indian Students go abroad for higher studies but it is more important to attract foreign students to enroll in Indian Universities and Institutions.

Keywords: Demographic, Economic, Enrolment, Environment, Global, Faculty, Higher Education, Management Education.

Introduction:

Business education has a long history in India dating back to the 19th century. India's first business school-Commercial school of Pachiappa Charities was set up in 1886 in the southern city of Chennai. The first college level business school was founded in 1913 in Mumbai called Sydenham College. This was followed by Shri Ram College of Commerce at Delhi in 1920. After India's independence in 1947, business education started to evolve and in an attempt to enhance vocational skills, the Government of India introduced commerce as the third stream of specialization at the high school level, science and arts being the other two.

In the initial stages, commerce education was relegated to the background and bright students opted for science stream leaving the average and dull students to join commerce. A

shift in the social status of business education started occurring during the 1980's. As companies began to grow, they began to hire commerce graduate students at the junior executive level along with in-company executive training program. Society began to recognize the importance of commerce in the field of education and also employment.

A major development that was underway was the distinction that was being made between commerce and management aspect of the business education. The focus of commerce education was on building a strong foundation about the knowledge of business transactions and processes primarily from the economics and accounts perspective. In contrast, management education focused on building knowledge about overall business and its various functions. The Indian Institute of Science founded India's first management program in 1948 and in 1949 Xaviers Labour Research Institute (XLRI) was started. Subsequently in 1961 two Indian Institute of Management's (IIM's) were started in Calcutta and Ahmadabad. These two Institutes were started from the grant received by the government from Ford Foundation. This grant was focused on helping transfer American business education knowledge and models to other nations and required intense collaboration with American business schools for facilitating transfer of learning. The IIM at Calcutta established collaboration with the Sloan School of Management at MIT for faculty and pedagogy development and the IIM at Ahmadabad established similar collaborations with Harvard Business School. Subsequently IIM's were also started in Bangalore, Calicut and Indore. Many Indian Universities and private educational institutions started offering the prestigious MBA programme and MBA graduates obtained employment in reputed companies with attractive pay. At the undergraduate level the Bachelor of Business Administration (BBA) programme has gained wide popularity in India. The Open University system has also gained popularity and open universities like Indira Gandhi National Open University and Karnataka State Open University are offering MBA and BBA programmes through the distance mode to help employed people to obtain these degrees.

Coming to the global arena about 2 lakh Indian students apply annually for GRE, GMAT and TOEFL tests for studies in America. Students are willing to pay large amounts for tuitions for these examinations, applications to universities abroad, consultancy services and finally tuition fees, travel and lodging and boarding costs. The US remains the most preferred destination for Indian students keen on higher education abroad but institutions from UK, Australia, Canada and France are equally competitive about getting Indian students. Expenditure by foreign students contributes 13 billion dollars to the US economy and 5 billion dollars to the UK economy.

While Indian students are the most visible way to assess the globalizing Indian higher education system, the presence of foreign education providers in India is also an indicator of this trend. There are around 131 Indian institutions collaborating with foreign institutions and of them 107 were in vocational education, 19 in technical courses and 5 in general education. Indian institutions going global is another trend on the rise. The Indira Gandhi

National Open University (IGNOU) currently offers its programmes in 22 countries. The University of Delhi has collaborative arrangements with 35 Universities throughout the world for students and faculty exchange programmes. Also active in exporting their core expertise and infrastructure are institutions like Birla Institute of Technology (BITS), Pilani, Manipal Institute of Higher Education(MAHE),NIIT India and Mysore and Madras universities.

Statement of the Problem:

India has a low rate of enrolment in higher education at only 18% compared with 26% in China and 36% in Brazil. The education system is plagued by issues of quality in many of its institutions with chronic shortage of faculty, poor quality teaching, out dated and rigid curricula and pedagogy and separation of research and teaching. Elite B schools have become the property of a miniscule minority and the majority of students from rural areas are in no position to access top management education. Also in matters related to globalization of education, we can observe that it is almost one way traffic. A large number of Students from India line up to pursue higher studies in foreign universities but the percentage of students coming to India to pursue higher studies is almost negligible.

Objectives of the study:

- a) To get an insight on the origin and development of management education in India.
- b) To analyse the emerging trends in globalization of Business in the Indian Scenario.
- c) To offer suggestions to improve the quality of management education in India so that it can compete in the international arena.

Research Methodology:

In order to obtain information about management education and its global trends in the Indian perspective secondary data has been used. Journals, magazines, Newspapers, Reports and Internet are the main sources of secondary data.

Review of Literature:

Vipin Gupta, Kamala Gollakota and Ancheri Sreekumar (2003) in the research article "Quality in Business Education- A Study in the Indian Context have made a detailed study on business education in India and also its global impact. The authors have observed that there is a noticeable shift from commerce based focus to management focus in popular business education in India. The launch of two IIM's in Calcutta and Ahmadabad under collaboration with Sloan School of Management, MIT and Harvard Business School respectively opened up the doors for globalization of business education in India. The authors have observed that in USA traditional graduate students have atleast 3-4 years work experience which is in contrast to Indian students who have no work experience. The authors have recommended more courses in communication, leadership, human resources and psychology that provides graduates with skills vital to effectively manage people and team

driven organizations. They have suggested that atleast 2 of every 10 core courses to focus on such subjects. The authors have suggested that personality mapping may be used to predict that a student who is ambitious and an extrovert would do better in the marketing world and a person with empathy would be suitable for Human Resource Development. Many B-schools have launched successful programmes where students cover part of their programme in Indian Institution and rest in foreign institutions. The authors conclude by stating that there are high quality business schools in India but they are very few and the vast majority of brilliant rural students without proper English knowledge lose out on top quality business education.

Lynne Helsop (2014) in the article "Understanding India-The future of higher education and opportunities for International Co-operation" has examined the finer aspects of higher education in India and also analysed the pros and cons of international co-operation and collaboration in global education. The author has observed that India has a low rate of enrolment in higher education at only 18% compared with 26% in China and 36% in Brazil. There is a very low level of PHD enrolment and India does not have enough high quality researchers. Socially India remains highly divided and access to higher education is highly uneven across population groups. The author has observed that international collaboration in the arts, humanities and social sciences is generally lacking and there is an anxiety about the recent neglect of these disciplines in India.

The author has stated that in the next decade India will have the largest tertiary enrolment in the world with a key source of intellectual capital and UK universities will need to tap India's talent pipeline and UK businesses and industry need the high level skills of graduates in India to grow their businesses and trade connections. The author has observed that unlike centrally funded institutions, state universities have been chronically underfunded over the past decade. Many state universities do not have substantial experience in international activity and some very large state universities in India have no links with UK or US universities at all. The author has observed that international collaborations in research and teaching will modernize and internationalize out of date curricula, enhance employability and improve teaching and learning outcomes. It will also provide skills, learning opportunities and networks for the next generation of Indian Researchers. The author concludes by stating that there is a expanding scope and opportunity for overseas countries to engage with India in higher education which will be beneficial to both the countries.

Emerging trends in business education in India and its global implications

- India's young population is growing in a tremendous manner with over 600 million people under 25 years old. India's young populations have a great liking for education and also have a desire to pursue higher studies abroad. The size of the middle classes is escalating and millions of students will be able to afford good quality education. The opportunities for Indian Institutions to engage with their foreign counterparts and the opportunities for foreign institutions to engage with their Indian counterparts are considerable.

- The growth however will be uneven and there will be a growing disparity between the haves and have-nots. Despite great efforts India still has the largest number of out of school children in the world and a majority of the people in India live below the poverty line
- The general standard of education in India is low and there are neither places or infrastructure in schools, colleges or universities to cope with the enormous and increasing demand.
- The private sector has outpaced the state sector in tertiary education and is growing rapidly. Private sector already comprises of 64% of the total number of institutions and are growing at 40% per annum.
- There is a highly uneven growth between urban areas and rural areas and also between states. Elite business education seems to have become the property of the rich urban class. Poverty and lack of good English language are great obstacles for the rural students to access high quality business education.
- India does not have high quality researchers and the number of enrolments for PHD courses are not satisfactory. Only 4,500 PHD's are awarded every year as compared to 30,000 in China and 25,000 in USA. In most of the colleges completing the syllabus and conducting a few extracurricular activities like sports, NCC,NSS etc are done and there is no scope for any research activities.
- Many of the private business schools have shown considerable dynamism in understanding the changing needs of the industry and customizing their diploma programmes to these needs. Diplomas are being offered in niche areas like Agribusiness, Hospitality Management, Health Care Management, Retail Management, Travel and Tourism, Transport etc.
- Many distance educational institutions have emerged in India to provide education to the masses. Indira Gandhi National Open University is a pioneer in this field. It has presence in several countries and recently it has launched Gyan Darshan the educational TV channel and FM radio network comprising of 40 channels for promoting business and technical education in the nation. The channel delivers course content developed by IGNOU faculty and faculty of other institutions such as IIM's to students all over India reaching even rural and under developed places. The courses are currently delivered without any cost to the users and can be used by any person with television or radio. Instead of a lecture method the channels offers a mix of educational, cultural and musical programmes to reach out to the unconventional students and the programme also offers interactive session allowing students from around the nation to ask questions to experts.
- Several overseas business schools from the US, UK, Ireland, Australia and France have been prominent in India. Most of these are focused on attracting Indian students due to the increase in the upper middle class segments in Indian population and also

the willingness of commercial banks in India to offer loans for overseas education. Many B schools in India offer graduate degree in business validated by a reputed overseas university allowing the foreign universities to reach out to the students who will visit overseas for only one or two semesters. This will help to develop the local curriculum to international standards. Many B schools have launched successful programmes where the students cover part of their program in Indian institutions and rest in foreign Institutions. Many students are required to work overseas under internship to obtain degrees. Many leading Indian companies like Tata group, Birla group, Wipro etc are regularly inviting overseas faculty from Harvard, Wharton, London Business School etc to deliver lectures at their site.

- Some foreign business schools have launched special executive programs in India for Management Development. Many software education institutions like NIIT and Aptech group have a strong presence in foreign countries and are getting good revenue from their international operations.
- The Central Board of Secondary Education (CBSE) has launched its international brand CBSE-1 in West Asia and Gulf to grant certification on the lines of the Geneva based International General Certificate of Secondary Education(IGCSE) affiliated to Cambridge University. About 25 schools from Oman, Muscat, Qatar, Dubai, Singapore, Kuwait and other countries will shift to this international brand of Indian education system and some schools in these countries which are already affiliated to CBSE will be reaffiliated to the global board. An official in the ministry of human resource development said that it will help to make India a global brand in education. The option of international level of education by a local brand will be available to all schools in India who can switch to CBSE-1.

Suggestions to improve the quality of business education in India so that it can meet global standards:

- India has a low rate of enrolment in higher education at only 18% compared with 26% in China and 36% in Brazil and well below the global average of 27%. Immediate steps should be taken to increase this enrolment percentage so that a large percentage of the population can access higher education.
- High quality B Schools are very few and most of the Business Schools are plagued with quality issues like chronic shortage of staff, poor quality teaching, outdated syllabus, lack of accountability etc. Immediate steps should be taken to tackle these issues.
- The PHD enrolment percentage in India is much lower as compared to countries like USA, China, England, Australia etc. India does not have high quality researchers. In most of the business schools completion of syllabus and a few extracurricular activities are The only things done in a semester leaving no time for research activities. Importance should be given to research in all business schools so that students can be exposed to innovation.

- There is a uneven growth in higher education and India remains highly divided in matters relating to access to higher education. Elite B schools are few and urban and rich students garner most of the seats. People from rural areas who are in a majority in India lack good English language skills and perform badly in admission tests to top business schools. Special attention should be given to rural students so that they can also access good quality higher education and also global education
- In the area of global education in India we can observe that there is almost a one way traffic. Every year a large number of Indian students compete to pursue higher education in overseas countries. In comparison the percentage of overseas students coming to pursue higher education in India is very small. Improving the quality of Indian B Schools will help to attract more foreign students. It is also important to remove the restrictions on foreign faculty being hired in India.
- In recent times in India Arts, Humanities and Social Sciences have been relegated to the background as fewer students have been taking up research career in these areas. United Kingdom is particularly strong in these areas and international collaboration will help to improve enrolment.
- Another problem is the lack of accountability by Institutions to the state and central governments, students and other stakeholders. Strict steps should be taken to make B-Schools accountable to all stakeholders.
- State Universities are not properly funded even though they have the highest enrolment of students. State Universities have very less collaboration with other universities and almost no international collaboration. It is very important to provide sufficient funding to state universities and expose these universities to international collaboration.
- B-Schools should provide more courses in the areas of communication, leadership, Human resources, psychology and other relevant fields that help to provide graduate with skills needed to effectively manage people and more emphasis should be placed on the development of critical reasoning and a sense of scientific enquiry, observation, problem diagnosis and solving.
- Good infrastructure facilities like spacious buildings and class rooms, large libraries, big playgrounds, auditoriums, canteens, computer and internet facilities etc are available only in a few elite B-Schools. Majority of the B-Schools in India lack adequate infrastructure. Steps should be taken to tackle this problem. The most important challenge for business education in India today is that high quality education is limited to the top tier schools. Due to this reason majority of management graduates are not of high quality and hence, are unable to add much value at the workplace. This wide gap should be bridged.
- The standards of accreditation of business schools in India should be made stringent and such reliable and stringent accreditation will help to improve the quality of lesser known Institutions. Many B-Schools have developed a fancy of blindly adopting the

patterns and methodology of American and European business education. It is necessary to slightly modify the features of western education system to suit Indian conditions.

- Finally innovation regimes need to be strengthened, corporate-academia co-operation enhanced and intellectual property rights made credible. India has the potential to become a global supplier of R&D with 125 of the fortune 500 companies having set up research bases here. It should be ensured that in global education the traffic is no longer one way.

Conclusion:

The demand for higher education and the quality of planned reforms over the next decade in India will provide great opportunities for globalization of Business education. Outside of the US, India now produces the largest number of MBA's with about 75,000 degrees annually. The article has covered the evolution of business education in India. It has given a brief glimpse of the emerging trends in business education and its global implications. The article has also given useful suggestions to improve the quality of business education in India so that it can meet global standards. The article concludes by stating that till recently global education as far as India was concerned has been a one way traffic with a large number of Indian students wishing to go abroad for higher studies and a very small number of overseas students coming to India for higher education. It is very much necessary to make it a two way traffic. It is also necessary to ensure that High quality business education should not remain the privilege of a elite few. The large number of meritorious rural students should be well trained and given equal opportunities to access top quality local and global business education.

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