
B-School Business in India at Inflection Point

Prof. Sandeep Mann *

Abstract

The article examines the background of mushrooming B-schools, and where they've faltered. Contrasted with global trends, insights are offered as to what ought to be done, time remaining, lest management education enters dark ages with neither students nor industry wanting to do anything with it.

Introduction

With beginnings in early 1960s or so, a few Business Schools were set up in the country, and till last century, many of them shone to limelight, offering par excellence talent to the country. Notable were IIMs (Ahmedabad, Kolkata, Bengaluroo, Lucknow, amongst others), XLRI, FMS, UBS, JBIMS, IRMA et al. The seats were few, and only those who could crack the written exams and concomitant interview process were offered admission.

Post 1991, the liberalization allowed many private owned/ run institutes to shine, with a few asserting autonomy (Symbiosis, Narsee Monjee, IMT etc). The watchdog body AICTE began to oversee, according the status "equivalent to MBA" to non-University sites [only universities could offer the MBA degree, with even IIMs compelled to issue PGDBAs].

This century saw a plethora of B-schools opening up. It seems the Sam Pitroda led movement was towards making higher education inclusive – the thesis being followed was let massification occur, and thereafter, quality would be focused upon. This spelled disaster as the noble field of education lay bare to commoditization.

The Challenges

There are some 4500 schools authorized to offer an MBA as per AICTE, in all floating some 4,00,000 seats. In the initial years this worked, and more and more colleges were set up. It is estimated that the industry needs some 6,00,000 management graduates every year. However, the greatest challenge that began to arise was the inability of the students to get placed. It was reckoned only 75,000 students met the industry benchmarks for suitability for placement. The remaining were hopelessly incompetent.

The key driver behind the founders setting up more and more colleges was the enormous demand for management graduates. This demand was set up over years of quality education 1960s-1995s. Had the same quality standards been maintained, the economy would have supported a larger absorption. Alas, it didn't happen.

* E-mail: sandeep@remorphing.com; thinkvast@gmail.com

One great challenge was the intake quality of students admitted was abysmally low – in normal course, these students were not competent to clear the usual written and interview levels. Just because they could pay the fee, riding on education loans, they went for admissions. The college administrations packaged their proposition nicely, wrapping the students in smartly stitched formal wear, with laptop etc. bundled with the fee. The students fell for the scam.

Had good quality faculty been provided, still better outcomes could have been expected. Such was not to be the case. Young passing out students were absorbed as faculty, just because they were low cost resource. Inexperience of these juvenile faculty members took its toll, and the students tutored by them hardly knew anything about the industry dynamics and maturity.

Consequently, the placements of these students fell from a median of 4-6 lacs per annum to a paltry 2.4 lacs p.a., with nobody willing to offer even 1.2 lacs p.a. to the unplaceable students. Naturally, the B-schools found it difficult to fill the seats – currently having just 75% of the seats getting filled.

Global Round-Up

Globally, especially in US, Europe, South East Asia, Australia, NZ and Canada, the value of MBAs rose, but for the recessionary 2008-10. This was because these schools, at the high end charged some 1-2 crore INR in fee and living costs. Not only could these schools line up students willing to pay so much, they were able to manage quality placements and thus have the invested funds recovered in 2-4 years of career.

How did this happen? This happened because of the processes these foreign B-schools had. They adopted multiple parameters to identify and hone uniqueness in applying students. In contrast, India has always been functionally uni-dimensional when it comes to appraising its students – the score in some written test and academic grades in education. The foreign schools would even reject 2400 SAT or 800 GMAT applicants, just because the profile lacked multi-dimensionality, or indicated low leadership potential, or weak ownership for life goals. Indian B-schools dare not indulge this way.

Plus, the global B-schools allowed huge freedom, they understood education – so they would permit somebody to specialize in music and physics and human resources, to talk of one combination. They kept faculty to taught ratio better than 1:20. The Indian schools, esp. the leading ones packed 70-90 students. Without technology advent, and without research bent of mind of faculty, the Indian set up was bound to lag.

Inflection Point

The huge ramping up of management seats was essentially a real estate racket. The promoters would pick 100 odd acres at agricultural land rates (some 5-10-20 thousand INR an acre) and build a 2-5 acre campus. This would fire up real estate prices in its neighbourhood. The promoters would every year sell off 5 acres at huge premium, making more money than the fee component would ever match. Thus the lack of interest in incurring costs on faculties and academics. This naturally was unsustainable.

The irony is that in a growing economic set-up, the CAT applicants over years have been dropping: 2.4 lacs in 2011, 2.1 lacs in 2012, 1.9 lacs in 2013, 1.8 lacs in 2014. Sadly, of these, only 80% would actually appear in the test. Sure, multiple career streams have spawned up over last decade – people want to be news anchors, or event managers, or fashion designers or legal professionals etc. Yet, globally a segment that is increasing in size is shrinking in India. Probably because of zero transformation in students, readying them not even for 10,000 INR a month job, the cosmetic uniform and laptop are no more worthy appurtenances.

The faculty supply stream, deemed competent to teach, and adequate in numbers required, is a big challenge. Industry-academia interface and research churn are virtually not even an iota. Many pseudo online journals allow faculty to make a mockery of the point system in rating the faculty – pay a token sum and get published.

Recommendations

This is all indicative of consolidation and disruptive business models and pedagogy experiments. Tie-ups with corporate at the onset offering a two year On The Job Training could be the way out, but only where the corporate have due bandwidth and sense of nurturing talent. Internships need to be won through as much rigour as the final placements. Right within a fortnight of admission, the student ought to fix goals on specialization and aspired industry sector. The class composition has to have multiple diversity parameters: gender, ethnicity, special skills, hobbies, specializations, work experience pedigree etc. Seeding and anchoring of excellence has to be the norm. Primer sessions are a must, in geography, history, philosophy, as these are not upto the mark in applying students. Endeavours to win slots in niche arenas have to be made – SMEs, Bollywood, Rural India, Ports, Space Travel, Oil-Energy etc. Success has to be perceived as multidimensional. Academic rigour needs to be scaled down to 30% with hands-on practical hold being encouraged. Conversational abilities of the pass-outs need to be flawless. Stop turning out syllabi rote learnt students; begin giving potential managers, leaders and entrepreneurs.