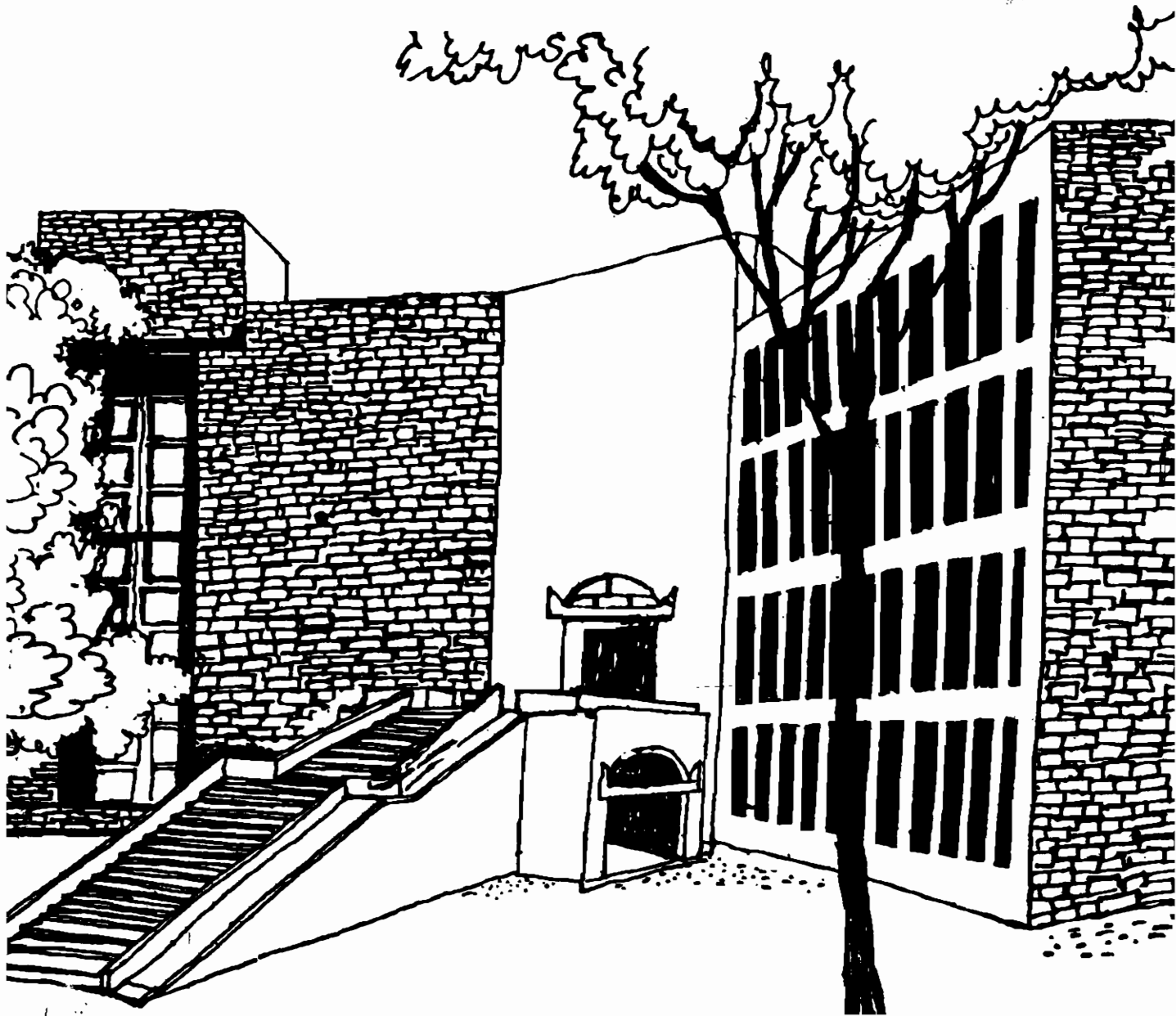




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MANAGEMENT EDUCATION IN INDIA

By

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MANAGEMENT EDUCATION IN INDIA

Pradip N Khandwalla

Abstract

The paper briefly sketches the history and special features of Indian management education. It offers an analysis of its strengths, weaknesses, threats, and opportunities. It concludes that while the prospects are uncommonly bright, there may be rough passage for weak schools.

Introduction

The potential for management education in India, covering both formal teaching and training activities, seems to be enormous. There are an estimated 200000 managers in the Indian corporate sector (including the corporate public sector). There may well be that many in the government and other not-for-profit institutions. In addition there are about two million entrepreneurs involved in manufacturing activities and about that many may be involved in providing various commercial services. There seems to be a growing awareness among all these millions that formal management education/training is useful, and this has triggered a gold rush for some form or the other of management education. One clue to the demand for management education is the number of applicants for admission to management schools. One estimate of the total number of applicants for all management schools is that it is well over 200000¹. Since the demand far exceeds the annual intake capacity, management institutions are mushrooming, often offering sub-standard programmes at exorbitant fees. At the same time there are islands of excellence, comparable to the best in the world, and these may play a leadership role in keeping the management education movement in the country vital and healthy².

The ambit - and impact - of management education is likely to increase in the coming years. After a long flirtation with a command economy, India has thrown in its lot with the market economies, and also opened up its hitherto protected economy to foreign competition and foreign investment. The changeover from a regulated to a market-driven economy will need massive changes in the mind-sets of managers and administrators, and in their capacity to compete, innovate and adapt to flux.³ India is inexorably becoming a management-intensive society and a managerial revolution of gigantic proportions is being enacted.⁴ For it to succeed management education itself will have to undergo a revolution in terms of its scale, quality, reach, and focus. Fortunately, India already has a tidy base of management education, and since Indian management educationalists are not insular, much can be assimilated from the rest of the world about the ways in which Indian management education can meet its challenges.

Brief History

Formal management education proper commenced in India in the fifties. However, management is an inter-disciplinary field, and such areas of expertise that directly or indirectly contribute to management education as commerce, economics, industrial sociology and psychology, were being taught in India well before the advent of formal management education. This factor facilitated the starting of management education programmes, for the first instructors were largely drawn from the ranks of teachers in these faculties.

The promotion of formal management education was a conscious decision initially, not of industry, but of government⁵. The All India Council of Technical Education, formed by the

Government of India, set up a Board of Management Studies in 1954 to set standards and promote and fund management teaching institutions. A few institutions of higher education were selected for starting business management courses, and universities were encouraged to start part-time courses for practicing managers. Several universities graduated to offering full-time courses. In the late fifties the Administrative Staff College for training managers, and conducting consultancy and research, was set up on the pattern of the British Administrative Staff College and the National Productivity Council was set up to promote industrial productivity and its effective management. A landmark in the early sixties was the setting up of two Indian Institutes of Management, partly on the basis of the recommendations of Professor Herbert Simon, an eminent American scholar commissioned by the Ford Foundation to examine the possibility of starting U.S. type business schools in India. These IIMs were set up by the government in partnership with industry and with the help of the Ford Foundation. One had a collaboration with MIT's Sloan School; the other, with Harvard Business School.⁶

Features of Indian Management Education

Formal management education is one of the fastest growing sectors of education in India. Beginning with one management institution in 1954, by 1989 there were 118 institutions offering degree/diploma programmes in management⁷. The annual output of MBAs (and equivalents) is currently about 7000⁸. Both the number of institutions and the output of MBAs are likely to rise sharply under the liberal accreditation policy of All India Council of Technical Education⁹. The annual output of MBAs in India may well reach the figure of 15000 by the year 2000. Thus, starting with the output of perhaps less than a hundred MBAs

a year in the early sixties, by the turn of the century India may well be one of the foremost producers of MBAs in the world.

A similar growth may well have taken place in the output of doctorates in management. Before 1970 there were virtually no Ph.Ds (or equivalents) in management that had done doctoral work in India. Premier management schools were generally manned either by management Ph.D.s trained abroad or by Ph.D.s in social sciences that chose to teach in management schools. In the 1983-1993 decade, however, 389 doctoral dissertations at 30 odd Indian management institutions were written. The most numerous dissertations were in the area of human resource management, followed by finance, marketing, general management, and management science¹⁰.

There are several additional features of the Indian management education scene that are worth noting:

- (i) "Professional" management education/training is now widely perceived to be useful not only in managing business, but also in managing organizations in a variety of sectors. Sectoral management institutions have been set up for training and/or research related to public administration, defence, policing, agricultural infrastructure, cooperatives, forest, power, health and family welfare, railways, ports, banks, insurance, education, small industries, etc¹¹.
- (ii) Although initially confined to government sponsored institutions and universities, management education is rapidly getting privatised. As of 1989, less than 15% were sponsored by the central and/or state government, about 60% were university

departments, about 20% more were affiliated to or recognized by universities, and the balance were private institutions recognised by the Government of India¹². But this mix may change rapidly in the nineties. Dozens of private sector management institutions have come into being; hundreds more are in the offing¹³.

- (iii) There is a strong trend towards increasing in-company management training programmes. Most of these are manned by small teams of core in-house trainers, usually heavily supplemented by outside academics and practitioners. Indeed, so strong is the culture of management training in some of the larger business houses and public enterprises, such as the Tatas, Hindustan Lever, State Bank of India, and Bharat Heavy Electronics Limited, that they have set up substantial in-house management colleges/academies for managerial training purposes. There is equally strong trend towards sending more and more managers to training programmes offered by management institutions. Anywhere from 10000 to 20000 managers are annually deputed to such programmes, while roughly the same number may be trained in-house. In this respect the trend is similar to that in the U.S. and Western Europe.¹⁴

- (iv) Distance education in management is beginning to take root. At least two major institutions - the Indira Gandhi National Open University and All India Management Association - offer distance education programmes, and more are in the offing. With the advent of computer networks and satellite-based transmission, rapid growth in various forms of distance management education and training is likely. These technologies may enable even mediocre institutions to have access to the best management expertise available in India or abroad.

A SWOT of Indian management education is offered below:

Strengths

Unlike the U.S., with its century long tradition of formal management education, India started late but has come a long way in just about 30 years. The output of MBAs is substantial and growing and so is the output of management scholars. Formal managerial training is rapidly getting institutionalised not only in the business sector but also in the not-for-profit sectors. There are at least a few high quality institutions that have prospered despite diversity of organizational forms. A recent national poll of campus recruiters indicated that the top ten schools are IIM-Ahmedabad, IIM-Calcutta, IIM-Bangalore, Xavier Labour Relations Institute, Jamnalal Bajaj Institute of Management affiliated to Bombay University, Faculty of Management Studies of Delhi University, Institute of Rural Management-Anand, B.K.School of Gujarat University, N.M. College affiliated to Bombay University, and S.P. Jain Institute of Management¹⁵. What is interesting is that a number of models of organization have worked in India. The IIMs are autonomous societies initially set up at government initiative and even now partially funded by the Government of India. On the other hand, Faculty of Management Studies and B.K. School have both flowered in a university set-up. Institute of Rural Management-Anand was set up at the initiative of a confederation of dairy cooperatives. XLRI was set up by an international church group. The rest of the top ten were set up at the initiative of or with funding provided by business houses, with or without affiliation to a university. Thus, "let a hundred flowers bloom" policy has yielded excellence.

Although most of the material taught in management schools in the sixties and seventies was borrowed from American and British sources, in the best schools today, thanks to vigorous

management research, writing of Indian cases, and development of other teaching materials such as technical notes, problems, and exercises, possibly as much as 50% of academic materials and content are of Indian origin. The annual output of research based books, monographs, and papers is in the neighbourhood of 500, by far the largest for any developing society. At IIM-Ahmedabad alone some 2000 cases of Indian management situations for classroom discussion have been written. There is therefore growing relevance of what is taught in the classroom to management issues of special relevance to a developing country like India with its distinctive socio-cultural milieu and institutional structure. At the same time the better Indian management schools are not insular. At least at the IIMs a substantial portion of the faculty - about 50% in the case of IIM-Ahmedabad - have foreign, mostly US Ph.D.s, many from some of the best American business schools. Foreign visits by faculty to do research and teaching, participate in conferences and seminars, and for undertaking consultancy assignments are fairly frequent. A network of 18 management schools - 9 Indian and 9 European - funded by European Union has resulted in around 50 Indian faculty members each spending 6 to 9 months at a European school, and around 30 European scholars visiting Indian schools, though generally for shorter periods¹⁶. Some years back the Association of Management Development Institutions of South Asia was formed to promote management education and management development activities in South Asia and to foster interaction between management scholars in the region.¹⁷ Several Indian schools are members of INTERMAN, the international network of management institutions¹⁸. Thus, the leading edge of Indian management education is no longer mimetic and nor is it insular. It is originating research, teaching programmes, management training programmes etc. but without losing touch with global developments in management.

Another strength, at least at the top schools, is the diversity of management expertise. Unlike American and European schools, which tend to concentrate on business management, especially corporate management, top schools in India are involved in many other sectors besides business and corporate management¹⁹. At IIM-Ahmedabad, for instance, besides business management, faculty groups are studying management of agricultural sector, of rural development and poverty alleviation, of cooperatives, forestry, health, education, energy, and transportation, management of public policies, etc. IIM-Bangalore explicitly set out to make its impact in various "public systems", and to place its management graduates in these, although it has resiled from the latter objective due to market forces. This diversity of research interests gets reflected in a number of management development programmes and consultancy assignments in these sectors. This sort of a melting pot of management expertise provides rich opportunities for cross-fertilisation of ideas. This bodes well for the further development of business management education itself as scholars try to apply its tools, concepts, and approaches to radically different sectors and learn from the process, and equally, try to apply the insights gleaned by working in these sectors to problems of enterprise management.

Weaknesses

A major weakness of Indian management education is lack of quality depth. There is a wide divide between the top schools and the rest; and even in the top ten the quality divide is wide. For instance, in a recent poll of campus recruiters the top school got a rating of 9.76; the tenth, a rating of 5.14²⁰. The quality divide is likely to widen in the next few years as scores, perhaps hundreds, of new, poorly staffed, facilities - poor institutions enter this sector. Accreditation process is weak in the sense of ensuring minimum facilities and

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standards, and entry is currently more or less free. Some attempt, however, is being made to develop norms and standards for management education²¹. The general standard of management education is likely to decline even as the best schools scale new heights and get counted as amongst the world's best. In the next few years the peaks may get taller and the valleys deeper.

A second major weakness of Indian management education appears to be the wide gap between what is needed on the job and what is taught in the management school²². This weakness seems, however, to be a global one, judging by the complaints of industry in the West regarding the lack of responsiveness of MBA programmes to real world needs, the lack of a global, integrated world view and the lack of insight and a long term perspective in the MBA, etc²³. The better Indian schools are, of course, exceptions to a degree to this problem: but the problem may be endemic at the mediocre and poor quality schools. At the latter the emphasis tends to be on the usual tools and techniques of management rather than on building contextual awareness and on strengthening managerial skills. For example, in a recent study of the responses of nearly 170 managers, students, and faculty members of management institutions, the major deficiencies appeared to be in the areas of leadership, team spirit, managerial personality (broad-mindedness, independence, self-control, enthusiasm etc.), personal effectiveness/job knowledge, and personal gratification (excitement, prosperity, freedom, etc).²⁴

The failure in imparting the needed managerial competencies is in part due to inadequacies in pedagogy. Poorly trained management teachers tend to rely on lecturing and emphasise rote learning by students. The students are dulled into considering text bookish solutions to

real life problems as the only legitimate solutions rather than be challenged to synthesise unique, contextually appropriate solutions to them. The pedagogies that facilitate creative and effective responses to problems are the case method, project work, and experiential learning through games, simulations, classroom experiments, running organizations, consulting, etc. These are sparsely employed in Indian management schools, except perhaps at the top schools.²⁵ Learning about one's deficiencies in "soft" managerial skills like leadership, communication, creativity and resourcefulness and overcoming them, increasingly emphasised in Western management schools²⁶, is infrequently employed in Indian management schools.

Even in terms of content, three major areas of weakness appear to be awareness of the operating context in India, business ethics and social responsibility of managers, and awareness of the international business environment and of globalization strategies.²⁷ Management schools, even the best of them, still seem to be weak at helping students acquire a working knowledge of the legal, political, and cultural environment in which they are to operate as managers. Nor have they emphasised business integrity in a corruption-ridden society or helped students to learn strategies for remaining relatively honest in such a society. Nor have they emphasised sufficiently the change agent, innovation promoting role of professional managers in an economy with appallingly low levels of efficiency, productivity, product quality, and innovativeness. The Indian economy is rapidly opening up to global competition. The awareness of what the international socio-economic environment is like and how to operate effectively in such an environment seems to be quite weak, although the leading schools appear to be taking active steps to include courses related to international business management in their curricula. At IIM-Ahmedabad, for example, a new academic

area related to international management was recently formed, and one elective in five is related to international business management.

In a general way there seems to be a serious mismatch between career aspirations of management students and the professional management needs of the country. Those graduating from management institutions, especially from the top schools, prefer to join corporations that pay well, offer prospects of rapid growth (in terms of income and promotions), have high social prestige, and in which norms of professionalism prevail. In a developing country like India, only a tiny minority of organizations fulfil these conditions. These already professionally managed corporations tend to attract - and absorb - the cream of students. On the other hand the multitude of poorly managed, inefficient enterprises that truly need professional management inputs do not attract the students, and for the most part, do not seek them⁷⁸. The problem is even more serious for the not-for-profit sectors that constitute the social and economic infrastructure of the economy, such as health, education, social welfare, poverty alleviation, rural development, urban governance, public administration, transport, communications, energy, etc. In the context of a developing society like India's, these sectors must perform adequately, for on that depends the well being of hundreds of millions of people and the profitability and growth of industry. Very few management students opt for careers in these sectors, partly because there is no perceived lucrative career opportunities in these sectors and partly because these sectors have either not sought management graduates or not cared to create conditions that would attract management students.

The management of management schools is another area of weakness. Barring the top schools, most other institutions seem to lack a vision of what management education is all about, a sense of mission about their role in a developing society. Their decision structures are too often autocratic or bureaucratic. Fortunately, there has been some useful research on institution building in management education in India²⁹, and if its lessons are heeded, many institutions could rescue themselves from mediocrity.

Opportunities

The prospects for the speedy growth of the Indian economy are reasonably bright. During the eighties the economy grew at a compound annual growth rate of 5.5%, industry at 8%³⁰. With liberalisation and much greater inflow of foreign private investment in the nineties, the annual GDP growth rate may well go up to 6% and industry growth rate to 10%. These imply a doubling of the GDP every 12 years and of industrial output every 7 years. Thus, in the next 24 years, the GDP may go up four times and industrial production ten times, roughly the level of the US or Western Europe at present. Such growth implies vast demand for competent managerial manpower, to man industry as well as socio-economic infrastructure. This in turn implies almost staggering opportunities for management education in a large variety of sectors.

The opportunities for management education appear to be almost equally grand both for management teaching programmes (MBA, Ph.D and diploma programmes) and training programmes. Indeed, the opportunities for management training, and possibly the benefits to organizations investing in training, may be larger. This is because the costs of graduation are usually borne by the parents of students with limited capacity to pay while the costs of

training are borne by organizations with much larger capacity to pay. Also, it normally takes years before a fresh MBA starting his/her career in a sizeable organization can positively influence the policies and practices of the organization: appropriately trained middle and senior level managers can make a much more forceful impact soon after receiving training. Opportunities are galore not only for general management training programmes but also for tailor-made "in-company" training programmes. But to be able to reap the full benefits of these opportunities Indian management education will have to tackle the weaknesses noted in the previous section.

Compared to the West or Japan, management education in India even at the topmost schools is very cheap for comparable quality. The annual cost of tuition, boarding, and lodging at the IIMs in 1993-4 was a little over a thousand US dollars, versus some thirty times as much in the US at comparable schools. The costs of managerial training programmes are also comparably cheaper. Thus, there are very significant opportunities for the top schools in India to internationalise their teaching and training programmes and attract foreign participants. This will however require substantial upgradation of their facilities, marketing of their wares in West Asia, Africa (especially Commonwealth countries), ASEAN countries, and possibly Europe and North America, and developing the necessary curriculum and teaching materials to cater to an international clientele.

A third major opportunity for Indian management education is in infiltrating non-management curricula in India-commerce, arts and humanities, sciences, engineering, medicine, architecture, and other professions, possibly even high school curricula. Management as a set of concepts, approaches, and techniques to achieve objectives efficiently is a body of

knowledge that would be of interest to almost every professional, including the housewife. A general awareness of how to manage resources and activities effectively may promote professional excellence generally and therefore may be welcome in almost all types of education. Just as there is a place for some humanities in every curriculum, there can be a place for some management, too, in every curriculum, especially in a poor country struggling desperately hard to raise living standards. Obviously, if management education is to infiltrate other curricula, it will have to market itself appropriately, and develop programmes that are tailor-made to the needs of these curricula.

A fourth major opportunity for management education in India is in training teachers and trainers of management. The decade 1983-1993 produced nearly 400 doctorates in management. Given the exponentially rising demand for management education and dearth of qualified teachers/trainers, two or three times that number may be needed in the next decade. In addition there are also large opportunities for upgrading the competencies of existing management teachers/trainers. IIM-Ahmedabad's Faculty Development Programme caters mostly to university teachers of management. Under this programme each year ten to fifteen teachers/trainers spend nearly a year at IIM-Ahmedabad, take a mix of compulsory courses and electives, interact with the faculty and students to learn the institutional mechanisms and pedagogical innovations that have contributed to the school's pre-eminence, and take back learnings to transplant, with suitable modifications, in their home institutions. Besides more such programmes a large number of shorter duration programmes can be mounted to upgrade competencies in pedagogy, areas of specialisation, etc of management teachers.

Threats

The major threat to management education is quackery - the proliferation of low quality or even spurious institutions that have little to offer except certification, and auction certificates to make a fast buck. There is a distinct danger that given a gold rush situation and a lax accreditation system, the field will be inundated with such management institutions. Abuse may invite excessive governmental regulation and needless standardization which could impair the operating flexibility of management institutions, and innovation and experimentation. An accreditation system which grades institutions on the basis of quality and facilities, but which is administered by management institutions themselves, may be inescapable if the excesses of laissez-faire or governmental regulation are to be avoided.

Concluding Comments

The sky is the limit for Indian management education: but a crash landing cannot be ruled out for many weak schools. Though initially influenced strongly by Western management approaches, both research and development of teaching materials in India has been robust. This is a firm foundation. Coupled with innovations in satellite-based communications, computer networking, interactions with management institutions abroad, and the rapid extension of management education not only within industry but also in several important non-commercial sectors, this foundation could well enable Indian management education to evolve distinctive paradigms that could enrich the whole world of management and especially help improve management practice in the two-thirds of the world labelled (now anachronistically) as the Third World.

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