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Proliferation of IIMs may have created sub-scale institutions: IIM-A director

N Madhavan October 8, 2013

Ashish Nanda, till recently Robert Braucher Professor of Practice at Harvard Law School, returned to his alma mater, the Indian Institute of Management, Ahmedabad (IIM-A) in early September to take charge as director. He takes over at a time when the premier management institution is facing challenges both from within and without. In an interview to N. Madhavan he discusses the strengths and weakness of IIM-A and his vision for the institution. Edited excerpts:

Q. What makes IIM-A top *Business Today's* B-school rankings year after year?

A. It is **IIM-A's unwavering commitment** to its values. These are to provide the best educational experience to the best students so that they can contribute effectively as leaders, managers, and entrepreneurs. Some very successful institutions tend to become complacent, and so the other element that has kept IIM-A at the forefront is that while we have revelled in our past and tried to remember what it is and build on it, we have also tried to be forward looking and future oriented in our actions, decisions and plans. This mix of building on the past but looking to the future gives the institution a dynamic strength.

Q. But then, what has kept IIM-A from becoming one of the globally recognised institutions of management?

A. The Indian business environment, till a few years ago, was autarchic and we did not have very many global linkages. For several decades, IIM-A did a fantastic job of taking smart students from India and training and developing them to take on positions of significant responsibility in Indian institutions. Over time, the business environment has become more international. The educational institutions that are training people to succeed in that environment also need to have a global perspective. We need to learn the best management practices and theories on a global scale. We should learn from and engage with globally reputed schools. We should make sure we are part of the flow of thoughts, practices, and research globally. If we do some of that, given the strengths of this institute, there is no reason why we shouldn't be seen as one of the top management schools in the world. Of course, achieving this goal requires alignment and understanding amongst not only people within the institute but also critical constituencies around us which importantly includes the government, so that we have the autonomy and flexibility required to realise this dream.

Q. What are the tasks you have set yourself at IIM-A?

A. My first goal is to gain a good understanding of where the institute is right now. I have been a student here and I have a great deal of respect for what we have built and I want to understand the core sources of strength at IIM-A. My initial feeling is that there are two areas where I can contribute. One, I believe the institute is much stronger than it is globally recognised to be. I would love for it to have a presence and inter-linkages with international academics and practitioners, so that people understand and appreciate the wonderful work being done here. Academic institutions that have been truly remarkable in their performance over the long run have built on having highly motivated and energised professionals who are committed to its growth. I want to work with constituencies in the school - the faculty, staff, students - and try to nurture an environment that encourages and stretches people to contribute their best.

Q. With emerging markets becoming an engine of growth for the global economy, do you visualise an international campus for IIM-A in the near future?

A. My first priority is to ensure that we have a vibrant and world-class campus here. Whether we should have multiple campuses, international or domestic, is a question we will take up in the future.

Q. Last year IIM-A slipped in global rankings...



'INDIAN INSTITUTIONS LOSE OUT BECAUSE OF LOW FACULTY SALARY'

A. Some of our PGP MBA programmes' relative rankings, which are the highest among Indian schools and very high among global schools, slipped in 2012 compared to 2011. We can give various reasons for it. Some of the measures of rankings are outside our control. For instance, they look at how well graduating students have done in terms of their compensation in jobs after graduation. In India, the decline in growth rates last year had an impact on MBA starting salaries. There are also issues of the exchange rate. Also, being primarily an Indian institution with India as the core catchment area for students, we tend to suffer relative to other institutions on some measures, such as how international is your student body. Having said that, I recognise that our ranking

has slipped and will endeavour to reverse what might have led to the slippage. I don't want to focus unduly on rankings. Our primary goal at the institute is to provide our students a top quality education that stands them in good stead today and over the long term. Hopefully, good rankings are a consequence of achieving this goal; they are not our goal, per se.

Q. There are calls for IIM-A to move away from an operational research-based approach to teaching...

A. We have to constantly renew what we offer in our courses. There are at least three different sources of renewal. One is the world of practice. We learn a lot from practice. What are the current management challenges, how are they evolving and developing? We

should make sure we stay close to practice, learn from practice, and introduce some of that learning in the curriculum. Another source comes from the disciplines. We should engage with the latest research in disciplines such as economics, sociology, and psychology and the implications of that research for management practice. The third source is from within the education sector. We should learn from our students in the classroom and also remain connected with other educational institutions to learn from their experiences. From these three sources arise innovation, learning, and regeneration. We hope to continue to do that.

Q. How do you plan to encourage research at IIM-A?

A. We have been committed to doing work which is of relevance and importance to practice. Some educators perceive a trade-off between commitment to good research and good teaching. Some of the best quality education occurs when you are doing high quality research that has practical relevance, and some of the best management research occurs in interfacing with practice. Some of the traditional constraints on international quality research that existed before in Indian management institutions, such as absence of hard data, or research in India not being publishable because people didn't care that much about India, are no longer constraints. The constraints now are more about how much do the academics want to engage in research activity and how much flexibility do the institutions provide them to conduct topquality research. Conveying to our faculty members that the institution truly values their doing high quality research which is of global standard and has practical relevance will have a significant impact on overall research quality and output.

Q. Has the downturn taken a toll on your placements this year?

A. Being the premier management institution in India, IIM-A is somewhat buffered from business cycles. The impact of current downturn has been that our graduates may not have as much choice as they might have had before, but in terms of everyone wanting placement getting placed and getting placed in very good jobs, that has happened.

Q. There are calls for IIM-A to more effectively leverage its alumni network...

A. I agree entirely. Our alumni are a tremendous source of strength for the institution. Having come from the US, I marvel at how wonderfully US institutions stay connected to their alumni networks. If we can learn from them and develop some of those linkages, it will be good.

Q. Salaries have always been a constraint for attracting quality faculty...

A. This is a tremendous challenge. Our ambition is to be world-class. In terms of sheer quality and brilliance, we have a student body here which is comparable to the best institutions in the world. In terms of faculty and the commitment they have for the institution, it is great. But recruiting new faculty from outside is a big challenge. If we want to be a world-class institution we should be able to recruit world-class academics. One area where Indian institutions have suffered is in the starting salary package we are able to offer. If we truly want to crack this nut of becoming the top management institution in the

world, we have to address this issue.

Q. How is management education in India evolving? How do you keep pace with this change?



'WE CAN LEARN FROM US INSTITUTIONS ON HOW TO DEVELOP ALUMNI LINKAGES'

A. Management education in India has gone through a phase of maturation over the last few decades. From a situation where the primary objective was to provide Indian businesses with professionally qualified management talent, it has become much more diverse. Management education now permeates executives not only in Indian businesses but also in a fairly large number of executives who go into international organizations. The business world in India fairly well connected with the global business world. It is not only business organisation. Over the years, several of our alumni have gone into state owned organisations, government departments etc, so we are encouraging management capability in a government setting. Then there is the vast and burgeoning not-for-profit social sector where, while

people may have great deal of enthusiasm and passion but they have realised in recent years that that has to be blended with a good approach to the management of resources and organisation. In recent years entrepreneurship has been coming up with interesting business ideas and working to create value. So there has been this plethora of fields where the realization fairly established now that a good management education can contribute to effectiveness. There is also a realization increasingly that this is not a one shot - one time effort which is you go to management school after your under graduation then you graduate, then take up a position and management education is over. Increasingly it has become a world of continuous learning where management executives keep coming back to have conversations with educational institutions and other practitioners and keep renewing their learning. How we think about management education has become broader in terms of the constituencies we address and also over a longer productive life span of the individuals.

What has happened to address these needs is that our existing management school have increased in size and proliferated in numbers. We have also developed some management school and offerings which focus on particular niches of management or particular stages in their professional careers like executive education. There has also been, as the field has matured, a concern about quality. As the brand of management education has become more established the field has become more susceptible to people coming in and free riding on the brand. So institutions opening up and offer "management education" but they are really in it for short term for short term profits. They charge high fees, minimize cost by not having good facility or qualified teachers and in a few years their individual reputation is tarnished and they might close down. They make economic returns in those few years. There is a huge risk of a race to the bottom. It happens particularly in educational institution. It happened with law schools some time ago. If we do not ensure that the proliferation of schools, which is very good, is accompanied with some

level of quality measurement there can be a commoditization that takes place.

Q. What is your plan to take IIM-A global?

A. I think we are doing fairly well at student level in terms of inter change of experiences. I would love for us to be more engaged with other management schools in terms of exchange of research and faculty. I would love to engage more with the world of practice.

Q. Where are the IIMs as an institution heading?

A. There has been a proliferation of IIMs. In some ways that is great because India is a big country and the need for high quality management education is immense. By having more IIMs, we are hopefully giving more people a better opportunity to receive high quality management education. It is also great to have the IIMs compete with one another in a friendly manner and also learn from one another. But there are economies of scale and scope in education, not just in pecuniary terms but also in intellectual terms that academic institutions need to succeed. My worry is that we might have created a lot of sub-scale institutions. If the choice is between a few institutions that are at scale and a lot of sub-scale ones, I will choose the former.

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