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IS INDIA POISED FOR QUALITY MANAGEMENT EDUCATION?

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ABSTRACT

This paper seeks to study historical perspective of the B-Schools in India and their growth. Based on certain parameters and issues, this paper evaluates whether India's B-schools in various states as also in union territories are emerging as world class institutes and the contributions made by these schools in terms of output of graduates annually. Further, a strong correlation was observed for the states and union territories having more population vis-à-vis B-Schools. Conclusion drawn clearly outlines that for the long term sustainability of quality management education in India. One of the solutions could be having corporate supported B-Schools which are able to achieve international standards.

Keywords: Management Education, Quality, B-Schools

Introduction

Management, they say, is the newest of sciences but oldest of the arts (Rangarajan, 2005). Management Education is based upon the premise that events occur as a result of preceding events or processes. Any action or decision taken shall therefore have a predictable or perceivable consequence. A manager must know why a certain thing has happened so that a repetition thereof can be avoided if it had adverse effects on organizational performance. He should also have awareness of what is likely to happen, or in other words, the anticipation and understanding of the process as a result of the past and the present situations.

Management consists of deciding what is desirable and then managing those elements that can achieve the desired results. This knowledge is used judiciously to decide the work system to facilitate cooperation among work groups. Such research findings and concepts derived from the experiments in social sciences substitute and stimulate the knowledge based in management study. If a management scientist goes through this process, his decisions are most likely to be rational. Use of scientific or systematic approach becomes a kind of second nature of the manager and that could carry him or her though in the organizational work life (Dayal, 2005).

Studies into the phenomenon of economic development of different countries has brought forth the realization that technological progress was a concomitant of economic growth, contributing to – and being stimulated by – the expansion of output and income. A large part of the economic growth of advanced industrialized society can be attributed to their capability to choose, acquire, generate and apply technologies to different economic activities. The process through which technologies impact on economic growth is not too difficult to see. Despite variations and subtleties, technologies operate basically through enhancing productivity,

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expanding the spectrum of the products, processes and services, enlarging marketing opportunities enabling larger international trade and leading ultimately to the increased income. It is technology that lies at the core of spiraling economic growth in societies that have acquired the requisite technological capabilities. Contributions of technological capability to economic growth thus can not be over emphasized (Chandra 2005)

There is no reason for us to believe that developments in India are unique enough to bypass the technology route to economic development. The fiscal and financial measures alone would not be enough to provide sustained economic growth.

Today the academicians and industry captains are cognizant of India's emergence as an economic power due to globalization strategies, which are transforming various sectors of the economy including the fast developing sector of higher education. India is undergoing a paradigm shift, which is reflected in the present economic boom and growth rate. For example, stock exchanges are considered the barometer of economic growth and the Bombay Stock Exchange stock index has touched a historical peak of 14k, placing it among the top five stock exchanges of the world. There have been fundamental and irreversible changes in the economy, in government policies, in the outlook of business and industry, and in the mindset of Indians.

The unprecedented increase in India's foreign exchange reserves from USD 5 billion in 1991 to USD 143 billion in 2006 has been partly due to direct investment by foreign companies and partly due to outsourcing activities. The modernization of industry is now a front-runner in the emerging knowledge-based economy with a diversified and large industrial base, which is becoming globally competitive (RBI 2007). For example, Tata Steel and National Aluminum Company Limited (NALCO) are the lowest-cost manufacturers of steel and aluminum in the world. Some Indian companies have gone global with a presence in 60 countries, including the United States, Europe and China. India is one of the top ten producers of bulk drugs in the world and 60 percent of its bulk drugs production is exported. India is the second-largest cement producer in the world with 110 million tons. The auto parts industry has emerged as one of the country's fastest-growing manufacturing sectors; this is expected to reach USD 8 billion in 2006. India's services sector growth rate has been very high too.

A large and growing market of 1.1 billion people, out of which, 300 million are middle-class consumers, has been attracting investment in India by world-class companies because of the high profit-making potential. Furthermore, because India has stable, mature, vibrant and exemplary democratic governance, institutions and transparency, it has a great potential to build world-class intellectual capital. For example, the rise of India as an innovation hub has attracted great admirers of Indian prowess in the managerial leadership at a global level. All these new developments have increased the confidence of India on the international level, and its ability to decrease the level of poverty. These factors indicate that India's new economic policies are working. It is emerging as a global economic power and having an impact on the fast growth of the educational sector.

As someone has put it on the net, the root of management education in India may be traced to the Training Within Institute (TWI) scheme introduced in the mid-forties, for the supervisory and foreman level employees in the industries as well as the in-company training programmes organized by many British firms." (Yahoo.Com, 2007).

Management Education and Historical Perspective

After independence in 1947, India was fortunate to have visionaries who recognized the importance of a strong democratic socio-political structure and saw urgent need for many

Is India Poised for Quality Management Education?

sided economic, social and political development. While “the temples of modern India” were being built, the Indian visionaries were preparing pathways of imparting management education also to synergies the development of the country.

For planned growth, the Government set up an independent Planning Commission in March 1950 which could harness intellectual resources to develop national plans to achieve balanced growth. In the beginning part-time courses for practicing executives were started in Kolkata University in 1953, followed by the Universities of Delhi, Mumbai and Chennai. For training of senior executives Administrative Staff College was set up in Hyderabad, National Institute of Industrial Engineering in Mumbai, National Productivity Council in Delhi, Indian Institute of Public Administration in Delhi, All India Management Association and many other such organizations (Chowdhary, 1999). The Govt. of India also setup Institute of Management, one in Calcutta(IIM-C) in collaboration with Massachusetts Institute of Technology (MIT) in 1961 and another at Ahmedabad (IIM-A) in collaboration with Harvard B-school in 1962. Both the IIMs started two years MBA levels programmes as also the short duration courses for practicing executives in the general management and functional areas. (Dayal, 2007)

In the 60s many universities were also set up for the full time post-graduate level programmes. Some of the universities had visiting faculty from abroad for varying periods and executives from industry that opted for an educational career. Many faculty members also went abroad for training or doctoral work.

However, demand for trained executives outgrew the availability of teaching staff, posing a big problem. Another problem that soon came to the fore was about the teaching methodology which was generally not very different from the usual university type programmes—the text book orientation. Thus Education System is not responding to market needs. Key problem being faced was that these programmes paid in adequate attention to research and organizational studies and consequently a heavy bias towards western influence, deprived of the foundation of social, economic, political and cultural life of the people. To address these and many other equally important issues as also for the concern for the systematic growth of management education and its standard, The Govt. of India have been taking important initiatives on a regular basis.

Growth of B-Schools and Regulatory Mechanism

The major policy initiative in the pre-independence period included appointment of the Indian Universities Commission in 1902, Central Advisory Board of Education in 1943 and the All India Council for Technical Education (AICTE) in 1945. In the context of proliferation of the technical institutions and interalia of maintenance of standards, AICTE was vested with statutory authority by an act of parliament in 1987 (AICTE, 2007).

AICTE has setup a National Board of Accreditation (NBA) to periodically conduct the evaluation of Technical Institutions or programmes on the basis of evolved guidelines (NBA 2007). The aims and objectives of the NBA which again is an autonomous body for the purpose of accreditation are:

- To assist all the stakeholders, i.e. the parents, the students, the teachers, the educational institutions, professional societies, potential employers and Govt. agencies in identifying those institutions and their specific programmes which meet the AICTE norms, standards and other quality indicators specified from time to time.
- To provide guidelines for the desirable up-gradation of existing programmes and for development of new programmes.

- To encourage the maintenance of standards of excellence and to stimulate the process of continual improvement in Technical Education in the country.

AICTE, by empowerment by the statute, plans, formulates and maintains the norms and standards of Technical Education, Quality Assurance, Funding in Priority Areas, Monitoring and Evaluation, Maintain Parity of Certification and Awards and to ensure coordinated and integrated development of Management and Technical Education in the country as reflected in table-I.

Table 1: Regulatory Mechanism of B-Schools in India

Who Regulates	All India Council for Technical Education (AICTE)
Course Coverage Quality of the programme	Prescribed—outline-classroom hours, etc. Prescribe—no. of teachers, qualifications, examination, grading, etc. Standards laid down for course work; faculty; physical and support systems-non-compliance invites punitive action
Compliance	Compulsory by law Inspection team sent by AICTE reports on adherence to pre-determined standards-failure to keep to them invites disqualification Standards laid down by “expert bodies” would ensure coverage and quality of the programme.

The concern for systematic growth of education and its standards by Government and AICTE has been evident in the appointment of at least four committees during the last five years for total review and recommendations by people engaged in and concerned with education.

- Dayal Committee was appointed in January 2000 by the Ministry of Human Resource Development, Government of India to develop Future Perspectives of Management Education.
- Ramaswamy P. Aiyar Committee was appointed in January 2003 by AICTE to Review Management Education. The Committee consisted of heads of highly respected and well recognized management institutions, All India Management Association (AIMA), consulting organization and AICTE.
- U. R. Rao Committee was appointed by Ministry of HRD, Government of India in 2002 to study the work of AICTE. The report was submitted to Government of India in September 2003.
- S. L. Rao Committee was appointed by All India Management Association and submitted their report in 2005.

There are many other committee reports available on specific issues such as accreditation, admission tests, common admission tests, and approach towards programmes of less than two-year duration. There have been many seminars and workshops to discuss the various reports arranged by professional bodies and teaching institutions (Dogra, 2005).

Every year new institutions apply for and received approval from the council for imparting management education in the country from nearly 120 such institutions in 1990, today the no. of B-schools have crossed the 1000 mark—an eight fold increased in 16 years. Around 500 B-Schools have been added during the last five years alone.

Is India Poised for Quality Management Education?

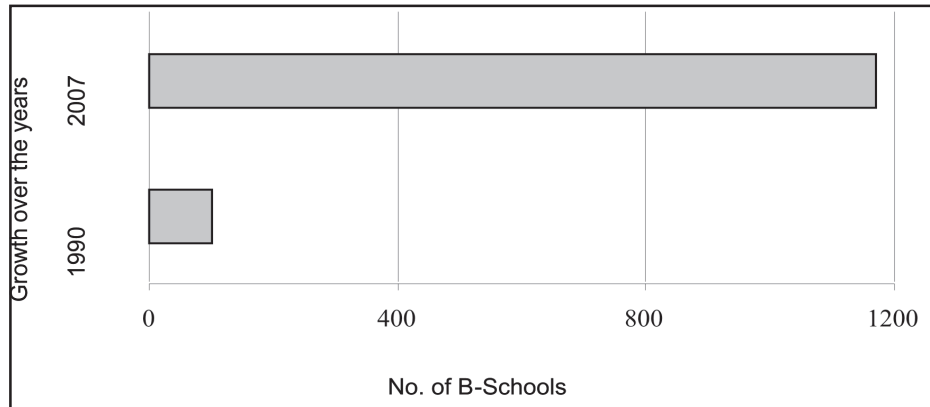


Figure 1: Growth of B-Schools in India

From the point of admissions the number of students has grown to more than 70,000. Today India is second to the U.S in terms of admissions and number of Business Schools. We have nearly ten times the number of students in the Business Schools of the U.K., three times that of all the Business Schools of Europe, and would catch up with the U.S in terms of numbers (about 1,25,000) in another five years' time.

India's population is also growing rapidly and a positive factor is a large percentage of young population having energy & strength. If this population can be targeted for education and skills, to make them contribute to the GDP, the country would reap rich dividends. authors have attempted to see any relationship between the population vis-à-vis the number of B-Schools. In our study we found a strong correlation of 0.60 between the total population of the states/union territories of India and B-Schools. Following tables reflects the population as well as number of B-Schools in India and states and union territories. Table II gives the details of the states having less than 25 approved B-schools along with their respective populations. These twelve states have a combined population of 372.3 million approx. having a total of 148 B-schools.

Table 2: Indian States/UT having Less than 25 approved B-Schools

State/UT	No. of Approved B-Schools	Population in Million
Assam	6	26.63
Bihar	12	82.87
Chhatisgarh	4	20.79
Haryana	23	21.08
Jammu & Kashmir	3	10.07
Jharkhand	6	26.91
Kerala	6	31.84
Manipur	1	2.39
Orissa	27	36.71
Punjab	25	24.29
Uttaranchal	13	8.48
West Bengal	22	80.22

Note: In addition states having shaded area have premier Management Institutes like IIMs

Table III gives the details of the states having between 20-50 approved B-schools. These 5 states have a combined population of 243.3 million approx. and have a total of 179 such schools.

Table 3: Indian States/UT having 26-50 approved B-Schools

State/UT	No. of Approved B-Schools	Population in Million
Delhi	34	13.78
Gujarat	38	50.60
Madhya Pradesh	47	60.39
Rajasthan	30	56.47
Tamil Nadu	30	62.11

Note: In addition states having shaded area have premier Management Institutes like IIMs

Table IV provides with the details of the states having over 50 B-schools. These 4 states have a total population of 391.3 million approx. and have a total of 556 such schools.

Table 4: Indian States/UT having more than 75 approved B-Schools

State/UT	No. of Approved B-Schools	Population in Million
Andhra Pradesh	219	75.72
Karnataka	94	52.73
Maharashtra	128	96.75
Uttar Pradesh	115	166.05

Note: In addition states having shaded area have premier Management Institutes like IIMs

However, there are 14 States/Union Territories (UT) which do not have any approved B-school. These States/UT have a total population of 201.0 million approx. Table V gives details of such States/UTs.

Table 5: Indian States/UT having no approved B-Schools

State/UT	Population in Million
Andaman & Nicobar	0.35
Arunachal Pradesh	1.10
Chandigarh	0.90
Dadra & Nagar Haveli	0.22
Daman & Diu	0.16
Goa	1.34
Himachal Pradesh	6.08
Lakshadweep	0.06
Meghalaya	2.31
Mizoram	0.90
Nagaland	1.99
Pondicherry	0.97
Sikkim	0.54
Tripura	3.19

The tables above show that the concentration of B Schools was more prominent in the four states of Andhra Pradesh, Karnataka, Maharashtra & Uttar Pradesh while nearly 50% of the

Is India Poised for Quality Management Education?

states have no or negligible no. of such schools.

Many in the academia and industry however wonder whether there is actually so much demand for management education in the country. Some cursory look at some relevant data on this aspect would be pertinent:

About 250,000 Indian graduates write MBA tests every year. But almost 3/4th of them do not get any seats because of the paucity of seats. About 250,000 engineers come out of the engineering schools, of which half of them seek management schools admissions.

All put together, about 3 million graduates come out of our Universities every year. Of these 3 million, at least 70% are unemployable. Therefore, it is only natural that they will look for a programme or career line which will assure them better chances of employment. To many fresh graduates management education offers this hope.

Considering the yearly industrial growth of about 8 to 10 percent, we would need every year over 100,000 of managerial personnel. IT & ITES industry alone now employs a million professionals, out of which at least 75,000 or thereabouts should be managerial variety. If IT and ITES were to grow at the rate of 30% a year, that itself would need about 22,500 potential managers. Add to this, international opportunities beckoning our managerial professionals which include fresh MBAs.

A study by Nasscom & Mckinsey indicates a possible shortage of half a million persons in the IT industry alone in 2010. This is when only 30% of the graduating Engineers for the needs of the I.T. Industry.

Table 6: B-Schools and Management Graduate Percentage in India

Controlling Authority	Type of B-School	Indian Government AICTE Accreditation	Management Graduates
Central Ministry of HRD	Indian Institutes of Management (IIMs)	Not Mandatory	2.12
	B-Schools in IITs		0.42
University Grant Commission (UGC)	B-Schools in State Funded Universities	Not Mandatory	3.82
State Government Ministry	B-Schools in NITs	Mandatory	1.70
Private Education Trusts	Accredited B-Schools	Mandatory	90.38
Private Universities	Private B-Schools	Mandatory but being Ignored	1.13
Corporate Houses	Corporate Supported B-Schools	Mandatory but being ignored	0.42
Foreign Universities Government & Private	International B-Schools	Mandatory Approval Required	

Today the challenge before the business schools as also before their regulators (AICTE), however, is to maintain a delicate balance between the enormity of the task and the constant up-gradation of quality of learning, with innovations and research.

Imparting of management education in India as seen the table VI can be categorized broadly from the point of various kinds of institutions engaged in this activity:

- IIMs: The management institutions which are six in number are completely autonomous

in nature and are owned and controlled by the Central ministry of Human Resource Development (HRD). These institutes are Indian Institutes of Management at Ahmedabad (IIM-A) established in 1961, Bangalore (IIM-B) established in 1973, Indore (IIM-I) established in 1998, Kolkata (IIM-C) established in 1961, Kozikode (IIM-K) established in 1996 and Lucknow (IIM-L) established in 1984. A new IIM is proposed to be setup shortly at Shillong, Assam (IIM-A). These institutes contribute roughly 2.12% of B-school graduates every year. All these are coveted Management/B-Schools of India and are of World standards.

- IITs: These institutes are set up as autonomous universities with financial and technical assistance from UNESCO, Germany, USA and the Soviet Union. These seven institutes are The Indian Institutes of Technology (IIT) situated at Kharagpur West Bengal (IIT-Kharagpur) established in 1951, Mumbai (IIT Bombay) established in 1958, Chennai (IIT-Madras) established in 1959, Kanpur (IIT-Kanpur) established in 1959, Delhi (IIT-Delhi) established in 1961, Guwahati (IIT-Guwahati) established in 1994 and at Roorkee (IIT-Roorkee) established in 1847 but accorded the status of IIT in 2001. These schools contribute roughly 0.42% of such graduates annually.
- State Funded B-Schools: Various colleges affiliated to the universities imparting degree in the management programmes, of two years duration. These colleges are under the various central universities which in turn are governed by the universities grant commission(UGC), formally established in 1956 as a statutory body of the Govt. of India through an act of parliament, for coordination, determination and maintaining standard of university education in India. They contribute nearly 5.52% of the B-school graduates.
- Private Accredited B-Schools: Management Schools established under the control of AICTE. These institutes contribute the bulk 90.38% of the B-school graduates.
- Private Universities: Over the last five years many private universities have also come up with management education and B-Schools in these private universities contribute 1.13 percent of the management graduate output in the country.
- Corporate B-Schools: Some of the corporate supported B-Schools in India are of the international standard and these contribute to 0.42 percent of the management graduate output.

While the IIMs and University Schools enjoy a certain kind of autonomy, privately managed schools have been brought under the regulatory approval system, even for increasing the capacity and adding to new courses.

There is therefore, a great gap between the demand and supply of trained management graduates. This gap gets widened day by day on account of; on the one hand, high growth of economy and the flood gates of emerging opportunities and on the other, acute shortage of the skilled management force. The supply of managerial manpower can not be augmented so rapidly.

Conclusion

If management education in India is to have an identity of its own it must have its own views and ways of thinking about progress, development, responsibility, authority, commitment etc. For Management education to be effective there should not be merely an adoption of techniques of cost benefit analysis and marketing strategies but reflect the values and priorities of the country. Although initially steps were taken by early institution builders to integrate it to the priorities of the country, this process has not advanced sufficiently. From our point of view, there should be a four pronged approach to combat this situation:

Is India Poised for Quality Management Education?

First, Government should plan to have B-Schools established in all the remaining 50% states, as reflected in the tables in this paper, having no or negligible number of management institutions and in a phased manner should increase the number of these institutes. The low ratio of approximately one B-School per million population in India should be looked at with the urgency it commands. May be, Government could think of offering some incentives for opening B Schools in these states.

Second, since over 90% of B School graduates come from institutions run by Private Education Trusts and only 10% from all others taken together, the Government should endeavour to correct this imbalance and consider increasing the intake of these institutions.

Third, since the large majority of B Schools are privately owned the Government and the regulatory agencies should comprehend the compulsions, considerations and conditionality of these institutes which generally cast upon the quality of their imparting of knowledge. Further, since these institutes are subjected to regulations, it is enjoined upon the regulatory agencies to ensure a high quality of curriculum, programme and pedagogy, academics and ambience as also industry interaction. Affordable and high quality education teaching, research, knowledge development etc. is not likely to become available by the regulations. Any effort to regulate fee structure to make education affordable is likely to be dysfunctional. Reduction in revenues will cut out knowledge generation activities such as research, case writing, publications etc. rendering most institutions to be engaged in teaching from text books.

Fourth, and most important would be to invite and encourage corporate sponsored management institutes which will automatically enhance the quality of education imparted, on account of autonomy, availability of vast resources, brand image and viability etc. With incessant resources and opportunities, such institutions could experiment with new ideas and contribute towards knowledge creation. Therefore, in deed there is need for good number of independent corporate supported B-Schools.

Last but not the least the education system in India has to approach the issue with a positive and pragmatic outlook.

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