

**MANAGEMENT EDUCATION IN INDIA:  
YESTERDAY, TODAY AND TOMORROW**

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# Management Education in India: Yesterday, Today and Tomorrow

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## Abstract

*With economic reforms in the country and globalisation phenomenon everywhere, Management Education is at the cross roads, with an imperative to change its role from being ornamental to imparting the competitive edge. The paper discusses the past and present of Management Education in India and envisions its future directions.*

## **Introduction:**

With the decline of USA and rise of Japan and Germany, in economic dominance, the role of Management Education in shaping the economy's competitive character is now under question. While the US has a plethora of management schools, Japan and Germany are not known for formal management education except through in-company programmes. Yet the U.S. is losing its competitive edge to Japan and Germany. One possible reason for the lapse in US may be because the theory lagged practice. With very few exceptions, most of the management knowledge seems to have followed from practice rather than other way round, the management schools having been accumulating the body of knowledge by conceptualising, jargonising and pigeon-holing from the commentary box, about phenomena happening out there in the field, namely, the real world of business. The globalisation phenomenon has exposed several holes in the American business practices which were glorified into theories. Examples of such theories can be given as: profit maximisation at firm level, tailoring to increase productivity, medium term horizons for investment returns and an ethic based on maximisation of individual satisfaction, emphasising the individual, ignoring the force of collective strategic intent. The gaps in these conceptualisations drawn from American industry practices are now very visible with Japan and Germany, having very little management theory coming to the fore and overtaking US. The situation is aptly summed up by Lester Thurow in his "Head to Head" where he asserts that communitarian systems whose goals are global competitiveness will, over the long run, defeat individualist systems, (which he calls Anglo Saxon Capitalism) whose goals are short run and disconnected from the community! Virtues of Japan's life time employment and Germany's participation of labour unions in the management decision making processes are not routed in any western management theory but nevertheless have been decisive factors in their successful economic systems.

In the 50's and early 60's there have been such a mushrooming of business schools in US that in his address delivered at the University of Pittsburgh in May 1957, Clark Kerr remarked that "Schools of business administration across the nation are trying some times almost desperately to find their souls." He went on to say that there is a search for academic respectability while most of them continue to engage in unrespectable vocational training. The business schools came in for direct attack whereby democracy in higher education had only meant the right of poorly prepared students to spend four years in a college programme of indifferent quality or worse. There was criticism that American Business had depended very little on the teaching or research in business schools. These comments seem prophetic for India in the 80s with mushrooming management schools of dubious standards patronised by gullible graduates seeking jobs.

Even in the 90's, management education has been criticised as being esoteric and unrelated to practice. The researcher is often *quarantined* in his model world and is unable to get down to the real world because of career compulsion where his promotions depend on the obtruseness of his publications. There is a debate where the proponents of practice orientation insist that curricula in management schools should be specific and tailore-made to company needs while management professors in *ivy league* schools argue that it should be generic drawing the insights from across companies. The division in terms of theory and practice has its implications on teaching.

Samuel Paul distinguishes between two types of Business Schools which he calls academic model on the lines of Chicago and professional model on the lines of Harvard. The former's forte is specialisation of knowledge and is driven by disciplines. It emphasises research and is lecture oriented. The latter is steeped in the messy world of reality and accepts that wisdom cannot be told and its communication is through cases. There is, however, a certain concensus that management education must prepare the manager keeping tomorrow in mind, though it is not quite clear as to how to reach this tomorrow.

Another issue is: Can business schools produce entrepreneurs? One school of thought here is that "wisdom cannot be told" and therefore business management education will be missing out on this. There are however some who have tried to pigeonhole entrepreneurship, but their success is perhaps limited to the extent of being able to run entrepreneurial development programmes for the unwary.

### **Management Education in India at Present:**

Before we analyse management education in India, we must recognise that there are 3 categories of Management Schools which may be labelled as the Institute type, the University type and the Training type. By the Institute type, we mean the IIMs and one or two other Institutes. By university type, we mean management departments in various universities.

In training type, we mean training outfits set up by individuals and small firms for offering training programmes of varying quality with purely commercial objectives. In what follows, we concentrate mainly on the Institute-type.

### **Characteristics of Management Education in India:**

1. *The focus of Management Education is on industry instead of on the country:*

The Management schools in India though having the correct name "management" as prefix, have unfortunately focussed their concern only on business and industry which contribute to a meagre 12% of GDP if one reckons registered manufacture. As against this, public systems consisting of agriculture, forestry, fishery, minerals, electricity, transport, banking and public administration account for about 53%, while other including construction, real estate, services and trading account for the remaining 35%. Whereas in the US, from where we have modelled our business schools, there is not much distinction between business orientation and national orientation since most activities constituting the GDP are business activities, our situation with a large share of activity falling in the government and public sector would have warranted a deliberate national focus and not just private sector industry focus. For example, management's concentration in agriculture and more specifically agro-processing could have given us the twin blessing of competitive advantage in terms of raw material availability and high value addition.

2. *The Management Schools have been supply driven rather than demand driven:*

The first 2 institutes have been transplants of the Harvard and MIT and they derive their approach along their parent institutions. The 2 subsequent institutes have by and large been modelled along the first 2 institutes. While some of the courses are like science and have universal applicability, there are other courses which are context specific. In the latter set of courses, one can debate as to how far Indian conditions have been incorporated into them. Yet, the industry and the management institutes found a match whereby, thanks to the common admission test, the industry could select bright students who would be performing an ornamental function in their companies, which have been thriving even without management inputs due to protectionist policies of the government. However, as J.K. Satia observes, with globalisation of the Indian economy and liberalisation one can see the greater role for management education, because now firms will be under pressure to compete. Notwithstanding the above, functional areas of management like marketing, finance and recently computer based systems courses have been having demand from campus recruiters.

Since the Indian business schools had taken after the US business schools, their methodology was, copying the US business schools, who

themselves derived their theories from the American industry which was not an ideal model. The only difference was that while the US schools were also charged with being esoteric, the Indian schools were not guilty of that charge because in terms of aggregate quantity and quality of research output, their overall contribution was less than significant. This brings us to the 3rd main observation.

### 3. *The Management Education in India by and large has bypassed the societ:*

In terms of quality of research, the management profession, i.e., IIM faculty, have not made any impact unlike the economists who have made (good or bad)! They have also very narrowly defined their focus as private industry and even in this sphere, their distinct contributions do not seem to be visible.

In terms of larger concerns of our society, such as alleviating poverty, providing efficiently education, family planning, drinking water supply, public utilities, health, solving inter-state river water disputes, fighting crime and corruption, handling within and cross border terrorism, the contribution of management education has been *almost* next to nothing. In a few areas where efforts were made vested interests have blocked the implementation.

### 4. *Utility of Management Education:*

As a corollary, one can question the utility of Management Education in the Indian context. The utility of management education in India can be discerned by looking at two variables: (i) demand for management graduates and (ii) demand for management services of faculty in terms of sponsored research, training and consultancy. By the first count the management education is doing well till now, but very soon the moment the industry starts looking for content than label, the management schools will have to start the soul search of asking themselves, what on earth have they been dishing out to the hapless students. The students from the management institutes were viewed as 'change agents' who would bring in professionalism in management of the industry; instead most of them have ended up as relentless careerists. On the second point of demand for professional services of faculty, the following broad observations can be made:

- \* *overall quantum of sponsored management research is very low.*
- \* *of the little that is sponsored, the major share comes from Govt. and little from industry. Here too, in most cases, the sponsorship is not necessarily derived from need but is likely to be some form of spending the budgeted funds or patronage. The findings of the research are seldom used.*

In the area of management training, this is the ritual in fashion now. The Government in sending its IAS and other officers for training follows a rather bizarre procedure of voluntary conscription! For any specified programme some 50 names will be arbitrarily chosen and sent to the programme coordinator without ever bothering to find out if the chosen person will attend. Attending the programme is, of course, optional for the participant, who, depending on his level will maximise the mileage out of the programme, rather literally; i.e., higher ranking officers would prefer to attend training programmes in Europe or US, and an officer from Jammu would prefer a programme in Bangalore rather than one in Delhi, etc. Here, one must hasten to add that there are several honourable exceptions who merely want to learn! In the area of consultancy, the major share has been from private sector industry, and here too the terms of reference by and large have been rather narrow requiring the skills of a management mechanic rather than the erudition of a management mandarin.

5. The charge that they foster elitism is not only made by journalists but by one of their own Directors, N.R Sheth, who suggests removal of the placement window to remove elitism. There is also evidence to suggest that over the years, only richer sections of society are among the applicants for admission, and the current increases of fees have had the effect of deterring away the poorer potential applicants. In this context, Satia correctly mentions that increasing management education costs to a global level without corresponding value addition is dysfunctional.

### **Future Directions:**

Some questions in management education must be answered before one formulates its future direction. These are:

#### **I. Starting with the objectives**

- (i) Is management education contributing to country's global competitiveness,
- (ii) contributing to its GNP and
- (iii) contributing to increasing the welfare of its people?

Is MBA type of education necessary to achieve the above objectives or in-company programmes will do? What exactly is the deficiency of the incompany managers which must be corrected?

#### **II. Is Management knowledge or wisdom? Can it be taught?**

- III. (a) Are client orientation and conceptualisation from across companies (synthesis) antithetical?
- (b) What is a right mix of tailor making courses to suit client needs and offering thematic courses?
- IV. How to create a partnership between business schools and their client group, be they companies or public institutions?
- V. How to carry the management conviction to people in Government and public sector, who view application of management as against their self-interest and view management profession not as a facilitator but as a rival?
- VI. How to prepare global managers? How far is management culture and context specific?

A few aspects needing more urgent attention are mentioned below:

1. There is scope and need to globalise the MBA education. Indian MBA students with high caliber can be a major source of export, if the curricula are slightly adjusted to bring in global orientation. This will then generate a steady demand which is natural and not the artificial demand for labels as before. The IIMs can gain, if a global perspective is incorporated, also by drawing foreign clientele as students.

2. IIMs must create a demand in public systems. Earlier efforts in this direction had failed because of the resistance from government and public sector employers who saw management as a rival. Efforts therefore must be made in demand creation. One method would be to team up with IAS bureaucracy and offer a one year programme for them. This cannot be done unless one can lobby for the dismantling of Mussoori Academy, where horse riding and management education get roughly equal weightage.

The industrial management pool can be revived and a cadre of civil service officers with management qualification can be built to run Public Sector Enterprises.

3. Satia also suggests that one can exploit economies of scale. Have typically 500 to 600 students per year per school! better schools' should expand and others should exit. Most of the University Management Departments simply do not have the requisite faculty to offer meaningful management programme covering all the disciplines.

4. On the other hand, there is a case for introducing some aspects of management in the engineering curriculum.

Building competitive edge requires that technology and management should not be viewed separately. According to I.C. Joseph, an Indian product designer who teaches U.K. firms how to be competitive, the best design should not only optimise physical parameters for the product but minimise the cost as well. At present the engineering curricula provide little scope for appreciation of economic cost concepts.

5. While MBA students have certainly made a mark in the market place, one is not sure of the impact of (a) executive education/training, (b) management research. Some of the areas which both management research and management education must address on priority are :

How to optimise society's interest by bringing about a positive communication between government, industry, labour and consumers and thereby identify and promote cooperation to foster the competitive edge for the country.

Presently, the cost cutting experiments of the industry with the advent of liberalisation, has been limited to threatening the workers with wage or job cuts, while the managers themselves have not reduced their salaries or perquisites. It is here, the German and Japanese models may have some lessons for us. In learning that lesson, we must of course pose another question, viz., is management culture-free or influenced by culture and context? Can India adopt Japanese value systems and be as effective?