

■ JOHN DAVIES, Feature Editor, Victoria University in Wellington, New Zealand

Business Schools in India: Current Challenges, Future Opportunities

by Vijay R. Kannan, Utah State University



Vijay R. Kannan

is Vernon & MaRee Buehler Endowed Professor and Professor of Operations Management in the Jon M. Huntsman School of Business, Utah State University. He received his BSc from the London School

of Economics, University of London (U.K.), MBA from Indiana University, and PhD from Michigan State University. Dr. Kannan has published extensively in the areas of cellular manufacturing and supply chain management, his work appearing in several journals including *Decision Sciences*, *International Journal of Production Research*, *International Journal of Operations and Production Management*, and *Academy of Management Journal of Learning and Education*. He has served as a vice president of DSI and as president of WDSI. In 2007, Dr. Kannan was a Fulbright Scholar at the Indian Institute of Management, Lucknow. He also lectured and gave presentations at several other business schools throughout India.

v.kannan@usu.edu

Both within the business and academic sectors, one cannot avoid reference to the rise of India as a dominant player in the global marketplace. Its burgeoning information technology sector, entrepreneurial private sector, abundant source of high value added, knowledge-based labor, and expanding domestic market cannot be ignored. Indian companies such as Infosys, one of the leading international IT firms, and the Tata Group, owner of brands including Jaguar, Rover, and the Ritz-Carlton Boston, are becoming globally recognizable. Foreign companies including Hyundai and Cisco are making significant expansions to their Indian operations, while others including Wal-Mart and Proctor and Gamble are developing relationships that will enable them to reach a population in excess of one billion. One of the challenges of this growth is the need to train the next generation of Indian business leaders. This places significant responsibility on the academic sector and in particular schools of business. Having recently spent time as an outsider to Indian business academe, I offer observations and reflections on the challenges of and opportunities for business education in India. While these are based on the Indian context, it is not unlikely that there are parallels in other rapidly expanding economies.

Institutional Challenges

In recent years, India has experienced a large increase in the number of institutions offering graduate management programs. Most of these have been private institutions. Three particular consequences of this are of significance. Given the relative infancy of graduate business education in India—the Indian Institutes of Management (IIM), Indian Institutes

of Technology (IIT), and a handful of other well established and highly reputable institutions apart—it is not clear whether international standards have been achieved within much of the sector. Even programs at the leading institutions, while being comparable in quality to those of leading programs globally are, for a variety of reasons, not accredited by international bodies such as AACSB International. Domestically, there is also no single accreditation agency, with more than a dozen agencies serving this role. The central government's National Assessment and Accreditation Council has, for example, accredited only 15 business schools (Damast, 2008). An additional challenge is that attaining status as a 'deemed university,' which is required to offer an MBA degree, can come only from the University Grants Commission (UGC). The UGC is a government body that establishes and maintains educational standards within the higher education sector. However, the actions of the UGC are not necessarily driven by academics but also by politics and influence (Phatak, 2005). With new and largely private institutions entering the fold, there is a real risk that the overarching goal, certainly in the near term, is either financial or to have a presence in the marketplace, with educational quality and academic integrity being of secondary importance. Absent appropriate mechanisms to ensure oversight of academic quality, this is reason for concern.

Related to the issue of academic standards is that of faculty qualifications. The growth in the number of business schools, the financial lure of the private sector, and a 'stigma' associated with doctoral qualifications, have led to a shortage of qualified faculty.

An interesting paradox exists regarding the status accorded doctoral degrees. The acquisition of wisdom or 'gyan', is one of the pillars of Hinduism, the predominant faith in India. One might therefore assume that value is attached to the acquisition of doctoral degrees and to those possessing such degrees. In the context of management education at least, this would appear not to be the case. A stereotype appears, in some quarters at least, that doctoral students are those that have fallen short of the bar for admission into MBA programs or more prestigious private sector appointments. Moreover, there is some indication that faculty members with outstanding business sector experience and credentials and a desire to share their experience and knowledge, acquire doctoral degrees merely to meet expectations of faculty members or requirements for certain administrative positions. One administrator commented that in order to rise in the administrative ranks, he needed to acquire a doctorate. Holding a doctorate however had negative implications for status, placing him in a 'Catch 22' situation. What message does this convey when one is expected to have a doctoral degree because of one's status as a faculty member, yet to have such a degree is reason for one's status as an academic to be undermined? Coupled with the observation that India does not have a tradition of doctoral education in business (Phatak, 2005), the result is that the supply of academically qualified business school faculty is further compromised. While leading institutions can continue to attract such faculty, it is not clear whether for less prestigious institutions this is the case. They are in some cases reduced to hiring faculty that may have been passed over for better appointments in the private sector or admissions to more prestigious graduate programs. These individuals may themselves have graduated from lower tier institutions with the corresponding issues of program quality, further exacerbating a 'vicious circle.' Indeed it was recently suggested that of the more than 1,600 business schools in India, beyond

the top 30 or so, faculty awareness of contemporary business issues is suspect (Damast, 2008). While from my experience, the enthusiasm and motivation of faculty at lower tier schools is beyond question, this is no substitute for knowledge and experience.

Even the leading institutions are not immune to the challenges of faculty shortages. Increasing demand for business education is increasing the teaching burden. Not only does this come at the expense of other academic pursuits such as scholarship, it places greater emphasis on generating alternative revenue sources in an attempt to attract and retain faculty and otherwise compete with private academic institutions and the corporate sector. Consulting and management training are common among faculty at the leading business schools as means of supplementing institutional revenue as well as faculty salaries. Particularly at the more prestigious institutions that may have a dual role of teaching and research, increased instructional roles may have the impact of limiting scholarship and quality faculty-student interaction. These are key motivations for seasoned business practitioners to leave the private sector and join the academy, a common path among business academics. Removing these sources of motivation can serve only to further deplete the ranks of high quality faculty. While private institutions may have greater flexibility when recruiting faculty, particularly when it comes to salaries, this may have a ripple effect as elite public institutions such as the IIM's and IIT's lose top faculty to private institutions. The onus is therefore on the leadership of these institutions to carefully define their missions and plan for the future accordingly.

At the leading schools, teaching approaches such as the case method, simulations, and other interactive approaches that leverage student participation appear to be common. However, there would appear to be less, if any, use of these methods at lower tier schools that represent the majority of business schools. At one workshop I conducted on pedagogy, of over 100 faculty par-

ticipants, a small minority used cases in classes, and even these were more likely to be 'vignettes' rather than Harvard or similar types of cases one often associates with MBA programs. Graduate business education is about training decision makers and business leaders. As such, while there is a crucial content-based element to this, equally, if not more important is the contextual element. The Indian educational system is rooted in the traditional teacher-centric model that has prevailed for generations. While this approach has its place, there needs to be awareness of other pedagogies that can effectively supplement traditional approaches. This places a significant burden on faculty who may have been trained in the traditional paradigm and/or are more comfortable with the traditional teacher/student hierarchy common throughout Asia. It also places a responsibility on institutional administration to recognize the need for and the development of a portfolio of pedagogies rather than a one size fits all approach.

The challenge of faculty overburdened with instructional loads coupled with a lack of research focus raises the additional challenge of developing instructional materials that reflect the Indian context (Chanda, 2006). When available, course materials used in India, whether textbooks or cases, are typically U.S.-based or editions of U.S. materials that have been published for sale in the Indian market. While these materials are tried and tested, they do not reflect the nuances of the Indian market or of Indian business/social culture. As such, when presented by and to individuals with limited business experience, the result may not accurately reflect the realities of business in the Indian context.

Student Body Challenges

A key factor in the admissions process at the leading institutions as well as several others is the Common Admissions Test. It is typical for students, close to the completion of their undergraduate education, to sit for the test following an intense period of preparation, in anticipation of joining a graduate business

program immediately on graduation. The result is a student body, which while academically talented and technically sophisticated—a large proportion of students at the leading business schools come from the premiere engineering programs—lacks work experience and an appropriate context for a graduate business education. This yields a ‘youthful’ class with limited scope to contribute to their business education and that of their peers, rather than a more mature, business savvy class that can better enhance not only the educational experience, but the reputation of the program and school. Ironically, this runs counter to the experience of the leading graduate business schools in, for example, the U.S. and Europe, and the original philosophy that drove graduate business education. At these business schools, a premium exists in the admissions process for work experience, maturity, and demonstrated workplace leadership. Such programs seek out applicants with not only outstanding academic credentials, but an understanding of their career goals, how they anticipate advanced study can help achieve these goals, and that can actively contribute to the educational process through their experience. This patterns the original intent underlying MBA programs, to provide individuals with technical backgrounds and experience with the business training necessary as they assume greater managerial responsibilities.

An implication of the admissions process is that it results in entering classes of students at the leading business schools, which, having spent the previous several years engaged in a demanding technical education, have seemingly stepped back from their commitment to the advancement of science and technology. Whether this is a reflection of disenchantment with potential careers in science and technology, the lure of large salaries in business, or a failure to define their career aspirations or objectives in obtaining a graduate business degree is not clear. Coupled with the fact that graduates at the leading academic institutions in science and technology are also

being increasingly lured by rising private sector salaries rather than continuing to graduate school, one wonders what the consequences may be for the development of future engineering and technology capabilities.

A final observation mimics one already made in many programs in the U.S. A consequence of rapid economic expansion is that students recognize that upon graduation from MBA programs, and in particular, the leading ones, they will command significant salaries. Personal experience as well as that of faculty colleagues is that well before graduation, the commitment and motivation of students begins to wane and as a result students may not fully avail themselves of the academic opportunities available to them. This runs in the face of the traditional quest for knowledge that is a pillar of Hinduism. This phenomenon is not unique to India. In the U.S., for example, increased interest in MBA and similar degrees over the last 20 or so years, has led to the reality that the primary motivation for earning an MBA for many, is the lure of high salaries, rather than the desire to acquire knowledge, develop leadership skills, and enhance decision making capabilities. The result is that the true value of an MBA degree has been undermined as it increasingly becomes an ‘entry level’ credential.

Opportunities

The above observations do not represent a comprehensive scientific study of business education in India. They are the observations of one individual whose cultural roots lie in India but who has spent the last 15 years as a faculty member in the U.S. They are not intended to be critical but to identify opportunities. India has undergone significant economic transformation in the post-1991 era when the economy was liberalized, and a concerted effort made to move away from the socialist economic model that had prevailed since independence in 1947. What has transpired to date is however just a beginning. There are sectors within the economy that have barely begun the

journey to modernization. Others have begun but have yet to reach the levels of progress, growth, and engagement in a global context seen by, for example, the IT sector. Demand for well trained, competent managers, comfortable making decisions in a complex, rapidly changing environment, is set to grow. If India is to maintain, if not enhance its global economic position, business schools need to respond in a timely manner. This will require not only an infusion of resources, but institutional and governmental commitment to upgrading standards and defining the role business education will play in future economic development. It will also require breaking away from traditional academic models of pedagogy and hierarchy that are deeply rooted in culture. The road ahead is filled with challenges but also untold possibilities.

Endnotes

1. In the interests of full disclosure, it should be noted that the author is what some affectionately refer to as an ‘FBI,’ or Foreign Born Indian.
2. The Indian Institutes of Management are among the leading business schools in India but are not affiliated to a university. As such they cannot offer MBA degrees but instead offer Post Graduate Diplomas in Management. This itself poses difficulty for those unaware of the stature of the Institutes in accurately interpreting the value of such a qualification.

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