

## MANAGEMENT EDUCATION IN INDIA: ISSUES, CHALLENGES AND WAY FORWARDS.

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### Abstract:

The economic scenario of India faced a radical change during the post liberalization period with a wind of change coming from the west which changed the entire system and India became the hub of world MNC's and there was a sudden heat of competition among the firms operating in India. To manage this intense competition faced by different segments of India's economy, the services of trained and qualified managers were seen in organizations as *sine-qua-non*. In the given setting, management education became important and gained wide popularity in a very short span of time. However, in the resulting milieu the mushrooming of B-schools in India has led ultimately to a new situation of intense competition among the B-schools themselves. This has created interest in doing research on this area of management education in India. This descriptive paper aims to study the gradual development of management education in India and to identify the issues and challenges that are at present being faced by the Indian management education and to suggest some way forwards to tackle the same.

**Keywords-** *Liberalization, Economy, MNCs, Competition, Managers, Management Education.*

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**Introduction:**

Education has always been one of the basic and most important aspects in the development of a nation. The development of an economy depends upon the quality of its Human Resources. India is having a number of good universities and institutions providing a number of disciplines for the students. Be it engineering, medical or IT professionals, we are becoming the world leaders in every respect. However, the discipline that is important to manage the fast growing Indian economy and to face the heat of competition very efficiently is the management education. Management education can be described as an institutional arrangement for providing expertise in applying various tools and techniques in the field of business which is dynamic and ever changing in nature. India got its first official management institute way back in 1953, the Indian institute of Social Welfare and Business Management (IISWBM), Kolkata, though XLRI is the oldest but it didn't provide MBA degree during that time. It is on 13<sup>th</sup> November, 1961 when the foundation of the first Indian Institute of Management in Kolkata was laid followed by IIM Ahmadabad. Since then India has witnessed a gradual growth in this sphere of education. After globalization and liberalization, our country saw a change in the form of new policy being adopted which gave rise to private corporate houses and a wind of change coming from the west which flooded the country with MNCs of the world because of its huge consumer base. The advent of global companies and the growth of national corporate houses brought a change in the educational scenario of the nation as well, with more management institutions or B schools blooming up to produce quality managers to run the companies, as quality workforce was much required to expand the business. With all these changes taking place, a new industry was seen growing somewhere in the crowd-that is the industry of management education, which were initially started to supply HR to the other industries, but then itself became a huge market for investment and returns. In such a competitive market B-Schools have been facing many challenges to realize their objectives. On this background it is really the peak time to study and analyze the different issues and challenges faced by this significant sector which both directly and indirectly influence the growth of our economy.

**Evolution of Management Education in India**

Business education in India has a long and an interesting history. Early Business-Schools of 19<sup>th</sup> century were focused on the commercial side of business, seeking to fulfill the needs of the then

British government. Prof. Gautam G. Saha describes the historic development of management education in India in the following way:

- India's first B-school i.e. Commercial School of Pachaiyappa Charities was set up in the year 1886 in the southern city of Chennai (Madras).
- In 1903, British government initiated commerce classes at Secondary school level starting initially at the Presidency College in Calcutta with a focus on Business Communication, Secretarial practice, Correspondence & Accounting etc.
- The first college level Business School was founded in 1913 in Mumbai i.e. Sydenham College.
- Followed by another college in Delhi in 1920 as Commerce College, later on, it was renamed as Shri Rama College of Commerce.
- The Indian Institute of Social Science founded in the year 1948 as India's first management program with an intention to train manpower to create & spread the knowledge required for managing industrial enterprises in India.
- Catholic community founded Xavier Labour Relations Institute (XLRI) at Jamshedpur in 1949.
- Indian Institute of Social Welfare & Business Management (IISWBM) was set up in 1953 at Calcutta. That was considered as India's first official Management Institute.
- Encouraged by the results, Government of India applied for and obtained grant from the Ford foundation in 1961 to launch two (2) Indian Institutes of Management, one at Calcutta (West Bengal) and other at Ahmadabad (Gujarat). This grant was focused on helping American Business education knowledge & models to other nations and having intensive collaboration with an American B-School for facilitating the transfer of learning.
- The IIM Calcutta established in collaboration with the Sloan School of Management for faculty & pedagogy development in the year 1961, with an intention to focus on Quantitative & Operational aspects of management.
- IIM Ahmadabad was founded in 1962, pioneered the case method of teaching in India with an emphasis on Qualitative strategic-integration.

- The mission of IIMs was to professionalize Indian management education through teaching, research, training, institution-building & consulting with the support of expertise developed by the pioneering IIMs.
- Two more IIMs were founded in Bangalore (Karnataka) & other in Lucknow (U.P.) in 1973.
- The Indian Institute of Forest Management was setup in 1982 in Bhopal (M.P.) as a leader in specialized management education for the entire forestry system in India with the help of IIM, Ahmadabad.
- In late 1990's, two more IIMs were setup, one at Kozhikode (Kerala) & the other at Indore (M.P.).
- Followed by the set up of more IIMs and other B-Schools in the country.

### Growth of Management Education in India

The growth of B-Schools in India has been very phenomenal which is shown in the following table:

Table 1: Growth of B-Schools in India since 1950-2010

Period	No. of B-Schools added	Average annual addition
1950-1980 (30 years)	118	4
1980-1995 (15 years)	304	20
1995-2000 (05 years)	322	64
2000-2006 (06 years)	1017	169
2006-2010 (04 years)	1800	197

Source: Noor Afza, 2012.

At present there are more than 5000 B-Schools in India providing management degrees both at undergraduate and post graduate level. At present there are seven (07) different types of institutions providing management education in India which are as mentioned below-

1. Indian Institutions of Management (IIM) which are autonomous in nature.
2. Department of management education in universities both central and state.
3. Autonomous institutions of management education other than IIMs.
4. Department of management education in NITs and a few IITs.
5. Private management institutions affiliated to university and recognized by AICTE.

6. Institutions of distance education providing management degrees.
7. Private management institutions neither affiliated to UGC recognized university nor recognized by AICTE.

The following table shows the state wise distribution of AICTE approved B-Schools in India:

Table 2: State wise distribution of B-Schools in India as on 28<sup>th</sup> December, 2015

S. N	State	No. of institutions	%
1	Andra Pradesh	426	9.57%
2	Assam	12	0.26%
3	Bihar	28	0.62%
4	Chandigarh	02	0.04%
5	Chattisgarh	29	0.65%
6	Dadra and Nagar Haveli	01	0.02%
7	Delhi	98	2.20%
8	Goa	03	0.06%
9	Gijrat	139	3.12%
10	Haryana	190	4.27%
11	Himachal Pradesh	13	0.29%
12	Jammu and Kashmir	19	0.42%
13	Jharkhand	23	0.51%
13	Karnataka	255	5.73%
14	Kerala	89	2.00%
15	Madhya Pradesh	266	5.98%
16	Maharashtra	635	14.27%
17	Meghalaya	01	0.02%
18	Mizoram	01	0.02%
19	Nagaland	01	0.02%
20	Odisha	114	2.56%
21	Puducherry	08	0.18%

22	Punjab	135	3.03%
23	Rajasthan	115	2.58%
24	Sikkim	01	0.02%
25	Tamil Nadu	412	9.26%
26	Telangana	551	12.38%
27	Tripura	01	0.02%
28	Uttar Pradesh	749	16.83%
29	Uttrakhand	60	1.34%
30	West Bengal	72	1.61%
31	Total	4449	100%

Source: AICTE Report 2015-16, retrieved on December 28, 2015.

### Aims of the study

- a. To study the evolution of management education in India.
- b. To identify the issues and challenges of management education in India.
- c. To suggest some way forwards to encounter the challenges in a befitting manner.

### Literature Review

India has a well-developed set up in terms of range of educational programs and their acceptability in local industry, but lacks in terms of international quality standards. Higher Education Institutions managed by private sector emphasis more on commercial aspects rather than creation of knowledge which leads to deterioration of quality of education (Gupta, 2012). India also has the world's largest stock of scientists, engineers and management graduates but has been unable to derive full economic benefit from this talent base because of the mismatch between industry needs and university output. Skillful management of the intellectual capital could be a driver for growth and is imperative for Indian economy (Padmini, 2012). Management Education in India is facing a unique crisis of relevance in the contemporary scenario. B-Schools in India need to revitalize Management Education in the country in order to meet the expectations of all the key stakeholders such as students, faculty, society, industry, government

and global community at large (Shweta, 2011). In the words of Balaji, one of the major criticisms of B-Schools is the gap between theory and practice (Balaji, 2013). According to Reddy, though management education does add some value to the management graduates, there is considerable scope for improvement. Lacks of clarity regarding the expected outcome, bias towards conceptual learning etc. are some of the factors hampering the effectiveness of management education. (Reddy, 1992). The student community in India not only wants education in modern emerging fields but want education which is of quality. India is facing a crisis of quality management education. As compared to international standards most of the Indian management institutions are far behind. To make India an intellectual capital of the world, we have to create a dynamic environment which can encourage superior quality management (Chaudhary, 2011). The ultimate challenge of Management Education approaches is to become more practical oriented and industry focus reason being –theory based developments and teachings are worthless, due to the fact that they will be of little use in concrete situations when a management issue arises. Management education needs to be holistic, targeted and customized with the aim to remove the gap that exist between industry requirements and academic curriculum focusing on attitude, corporate awareness, grooming and developing managerial skills. If management education in India really wants to extend its image on international scenario it should improve its quality of education because in management education quality has become the necessity (Snjeev Kumar, 2011) and circumstances require Total Quality Management. There is also a need to make management education value based rather than money based (Beena John, 2011).

Moreover, Indian Management institutions give very less importance to Research and Development and hence unable to develop relevant curricula. Indian institutes are following syllabus designed for western countries which are of no help for the development of Indian business (Saha, 2012). To ensure quality management education the contribution of educational system, Institutions and Faculties are very much important. According to the model developed by VignaOza and SwatyParab, the amounts of efforts needed on the part of educational institutions is double that needed to be made by educational system as a whole whereas the efforts needed on the part of faculties is three times than that of the educational system since they are the ones who ultimately provide the teaching services (Vigna Oza, 2011). Most of the college owners complain of not being able to have enough admission in spite of having invested in

college infrastructure and startup cost. And those that are able to fill capacity they admit anyone who applies for admission thus, resulting in poor input, leading to poor placements. Thus, most of the B-Schools are not able to place more than 50% of students (Patil, 2012-13). Moreover, the business schools in India lack strategic focus, with everyone trying to teach everything –the “everything to everybody model” leaves little time for creative thinking. It has also led to faculty shortage and has resulted in low levels of research output and competence ensuring mediocrity in the system. According to the author, the B-schools have become teaching shops (Bhattacharjee, 2010).

### **Findings and analysis**

When Management education was started in India with influence from the west, it also brought the western management models in the Indian education sector that was to be taught to the future managers. The model followed was purely westernized suited to their norms and conditions which was not replaced or edited for the Indian mentality as a result we had seen a replica of what the west teaches and preaches. To a greater extent it was good for us till the new economic reforms in 1991-92 that changed the entire economic as well as social scenario of the nation. Since 1991, India became a hub of world MNCs and an educated and trained work force accepted the challenge of implementing the policies and making India shine. We raised a huge market for IT, Consumer goods, Technology etc. Management education became the hot choice for the youth with a promising career to manage the fast growing economy and also because of the hefty pay package.

Initially what emerged due to change in the economy later experienced a great change in itself, Management education is now no more catering to the needs of the economy rather the entire system has become so much commercialized that even providing education is now a lucrative business. According to R. Mahajan and others, management education has evolved into an industry with players seeking profit out of it and glamour has overpowered it (Ritika Mahajan, 2012). Choudhury also opines that management education has acquired the status of a commodity, to be bought and sold in markets like other commodities (Choudhury, 1977).

However, to ensure quality in management education affiliating bodies has been formed by Govt. of India. Apart from UGC there is AICTE specifically for management and technical education. In this context a number of committees were also formed to review the scenario of

management education in the country like the- The **Nanda Committee** was the first committee that reviewed the development of management education in India. The Nanda Committee suggested a series of measures in 1981 for strengthening management education in India, viz.: necessity to develop expertise in international management , adequate funding for research, IIMs should act as mother institutes and foster growth of other management institutions etc. were the major recommendations of the committee.

Government of India appointed a second review committee under the Chairmanship of **Mr. V Kurien** in 1991, the salient recommendations were -teaching, research and consultancy needs to be better emphasized, greater emphasis on the development of relevant teaching materials and research.

The **Ishwar Dayal Committee** in its its report in 2001 found that most institutions that were set up during the 90s did not follow conditions prescribed by AICTE in respect of faculty strength, library, computer facilities and the like. They did not promote research, development of faculty or of the teaching material. AICTE was unable to develop an adequate mechanism for enforcing standards. Subsequent to this, a committee was constituted by AICTE to review management education in India.

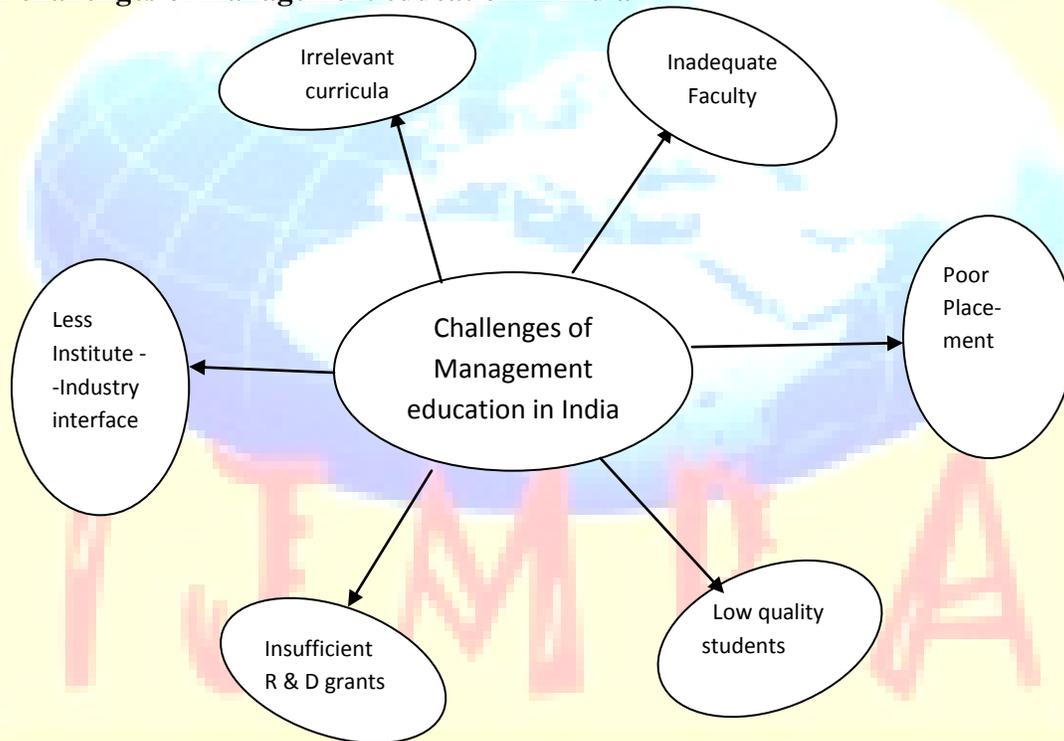
AICTE appointed **The Management Education Review Committee** in 2003 to come up with a policy and action plan for the development of management education in India, The major recommendations made by the committee were admission of students only through recognized tests organized on an all India basis and to increase focus on under managed sectors such as cooperatives, forestry, urban management, infrastructure, rural development etc. The committee also found that there was a severe shortage of faculty in the entire technical education system.

Thus, the problem that we are talking about from the existing literatures as well as different committee recommendations is the overall quality of education that is provided by such institutions. Does it really require to be proven that the products of most of the management institutions are not employable in companies even; most of them work for marginal salaries and at the lowest level for which no management education is required? As a result of which one can find that the respect and the value for MBA degrees are going down day by day.

Economic development is only possible when we have a well trained and advanced HR that can meet the world standards and compete with any economy. Undoubtedly, the IIMs and few other B-Schools are functioning in very appreciating way but that's not for any Tom, Dick or Harry.

Firstly, entrance is tough there, Secondly, the course fee and thirdly, limited number of seats. Also there are Govt. universities which provide quality education but they don't attract too many students because of their strict criteria and above, all they don't make 100% job assurance promise. Thus, it's time to bring a change in the entire system covering all the B-Schools so that a better and a brighter future can be expected for the coming generation. It's time the system wakens up and brings some path breaking changes into the education systems. It's time the B-Schools make commitment and dedicate themselves towards transforming the education sector into knowledge sector and prepares managers in such a way that they can face all odds and uncertainties in a very effective and efficient manner.

### Major challenges of management education in India



**Fig:** Challenges of management education in India.

- a. **Irrelevant curricula;** Indian management education started with western theories and models founded by western writers and management gurus keeping in mind the background and mindset of western people. The same theories and models when applied on Indian people react in a different way because of differences in mindset of the people.

- b. **Less Institute-Industry interface;** Indian management education is also suffering from less industry interface. Interface between industry and B-Schools is not up to the mark as required and as a result B-Schools' curricula is more theory based rather than practice. Whatever is taught in the B-School becomes irrelevant in industry. Except a few, B-Schools in India rarely update their curricula according to market needs time to time.
- c. **Inadequate faculty;** As there is high competition in the market, B-Schools in India need to spend a lot in order to survive. They need to spend a huge amount for building infrastructure so that they can attract students, parents as well as recruiters. In doing so most of the B-Schools always compromise in recruiting quality faculty. They prefer to recruit fresher with less salary and a few retired persons to get the legal works done easily who are actually not full time professors. Moreover, because of geographical obstacles B-Schools in many places face the problem of attracting quality faculty even after providing all necessary benefits and perquisites. Even there is shortage of well qualified teachers which forces the management to appoint fresh graduates as faculty (Sanchita, 2012).
- d. **Low quality students;** Most of the B-Schools complaint of not being able to fulfill their intake (Patil, 2012-13). Mostly, private B-Schools in order to manage their financial calculation admit many poor quality students which in turn hamper to realize the objectives of the schools in true sense.
- e. **Poor placement;** Management education is a professional course of study and as a consequence, it is by default a demand of the students and parents to provide placement to the students at the end of the course. But, due to the above mentioned problems of the course like irrelevant curricula, inadequate faculty and low quality students, it becomes a challenge for most of the B-schools to provide placement which in turn worsens the continuation and future performance of the same B-Schools. Indian Industry survey reports that only 15% of management graduates are employable (Balaji, 2013).
- f. **Insufficient R & D grants;** Most of the B-Schools in India face problems in getting national and international Research & Development grants. R & D is very much necessary for an educational set up which is based on the study and analysis of the happenings in the market nationally and internationally. Teaching and research are very closely related to each other. Research generates knowledge and teaching disseminates knowledge.

### Way Forwards and Conclusion

Thus, it is observed that though management education in India has increased tremendously in number but not up to the mark in the context of its quality. There are many challenges in front of them to survive and excel. No doubt, IIMs, IITs, few university departments and private management institutions are performing in a very competitive way and producing world class managers but other B-Schools in fact, the lions share are not able to perform in an appreciating manner.

There is no doubt that the main business of education sector is teaching and learning and it can excel only through an appropriate teaching-learning method rather than anything else. However, a B-School is not a place where simply education is provided rather it's a place where world leaders are made and promoted with long term vision of nation building with integrity and honesty. Creating knowledge and disseminating the same should be the ultimate aim of the B-Schools. As management education is industry based and the market is constantly changing resulting in the requirement of different types of skills and knowledge at different time, it is advised to review the academic curriculum frequently and designing the same according to the market demand.

As knowledge is keen in this sector, faculty members are the main asset of the B-Schools to shine. Hence, it is very important on the part of the B-Schools to develop and nurture the faculty members and also to retain the developed ones. Faculty members should be encouraged and involved in research as well as consultancy works which will lead to knowledge creation and innovation. Once the system is built on knowledge rather than other external factors it will solve other problems too like placement and it will also be able to attract sufficient R & D grants nationally and internationally. Teachers should be given flexibility and autonomy in terms of teaching so that they can give their best to the students.

Last but not the least, regulating bodies like University Grants Commission(UGC), All India Council for Technical Education (AICTE), All India Management Association (AIMA) etc. should keep on reviewing their terms and conditions more frequently and should act in very transparent way to ensure quality in management education in India. Noor Afza in her paper also describes that these bodies should emphasize on the outcomes such as quality of education, research, access, cost effectiveness or relevance rather than simply focusing on inputs like land,

faculty and other infrastructure (Afza, 2012). They should also take stringent action against the illegal and unauthorized B-Schools (Balaji, 2013).

### Abbreviations used

MNC=Multi National Corporation, B-School=Business School, MBA=Master of Business Administration, IT=Information Technology, IIM=Indian Institute of Management, IIT=Indian Institute of Technology, NIT=National Institute of Technology, XLRI=Xavier Labour Relations Institute, IISWBM=Indian Institute of Social Welfare & Business Management, HR=Human Resource, UP=Uttar Pradesh, MP=Madhya Pradesh, UGC=University Grants Commission, AICTE=All India Council for Technical Education, AIMA=All India Management Education, R & D=Research and Development.

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