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Strategies for redefining the management education to cater the needs of corporate houses

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Abstract

Over the past decade the concept of 'employability' has dominated much of the discussion around the future of work and careers in this knowledge-driven economy. Widening access to higher education has been a focus of many different countries for a number of years now. India is no exception to it - Liberalization of Indian economy not only opened a door for business activities but also encouraged the growth of management education offering both graduate & post graduate program in the field of business management education. Lot of Indian management institutions follow US model of Business education particularly in the area of teaching methods, curriculum, and industry interface yet it is observed that, crisis is plaguing in the employability skills of students. This study is concerned with the tier-2 and tier 3 MBA Colleges to envisage why students intake is deteriorating. Secondly, are we loosing the sheen of MBA – which was once known to be a finishing school - from where one would step into professional life with almost job guaranteed. In the process of working on this paper through literature survey – we have ascertained that tier 2 & tier 3 MBA colleges are loosing their sheen because of many factors: the most important is the quality of education, lack of participation of the students in interactive learning process, lack of communication skills (soft skills), and the most important is the gap between the skill sets required by the Industry and the Academia especially MBA. All these factors cohesively impacted in deteriorating intake of students in tier-2 and tier 3 MBA Colleges.

Keywords: Competency, Industry, Employability and Globalisation

1. Introduction

Over the past decade Management education in India has gained more importance which was positively correlated to 'employability'. This was due to opening up of our Indian economy in 1990's which brought in evolution change in businesses and education practices in India which led to significant rise in demand for professionals with managerial skills. According to Dun & Bradstreet India, the post-liberalization effect reveals *'that around 53% of the surveyed business schools were established during 1990-2000 and 32% entered this space after 2000'* and the remaining 15% were found prior to 1990s.

It was the 1990s' wherein getting a MBA degree was a final sign off to education and stepping into a professional life. But it is not the case now as the corporates are looking for more in a candidature than what was previously thought. They are looking for more talents in candidates and potential to learn new things apart from the formal qualification and skills they have developed through their ongoing learning process. This change is being witnessed due to the perfect storm created by the rampant changing of global scenarios in business and education recently, cut-throat competitions, cost-cutting pressures due to sluggish markets, businesses moving to emerging global markets, low prices for the products and so on and so forth. According to Rawat, D S general secretary of 'The Associated Chambers of Commerce and Industry of India (Assocham)' argues on the same lines that big businesses are struggling and have become more volatile and complex – this is all owing to extensive changing in global scenarios in both business and education – were in India our higher education is not coping up with the current changing trend in businesses.

Furthermore, as the business practices are persistently changing in order to keep costs to minimum - this it-self signifies that there should be maximum productivity and efficiency in all walks of life of an Organization as a whole. Now the question arises as how these changing scenarios of the business be equipped with the people and what talent should these people possess in order take up the challenges. What kind of candidature the Industry is looking for? The only answers to these questions are: apart from formal qualifications, candidates should be

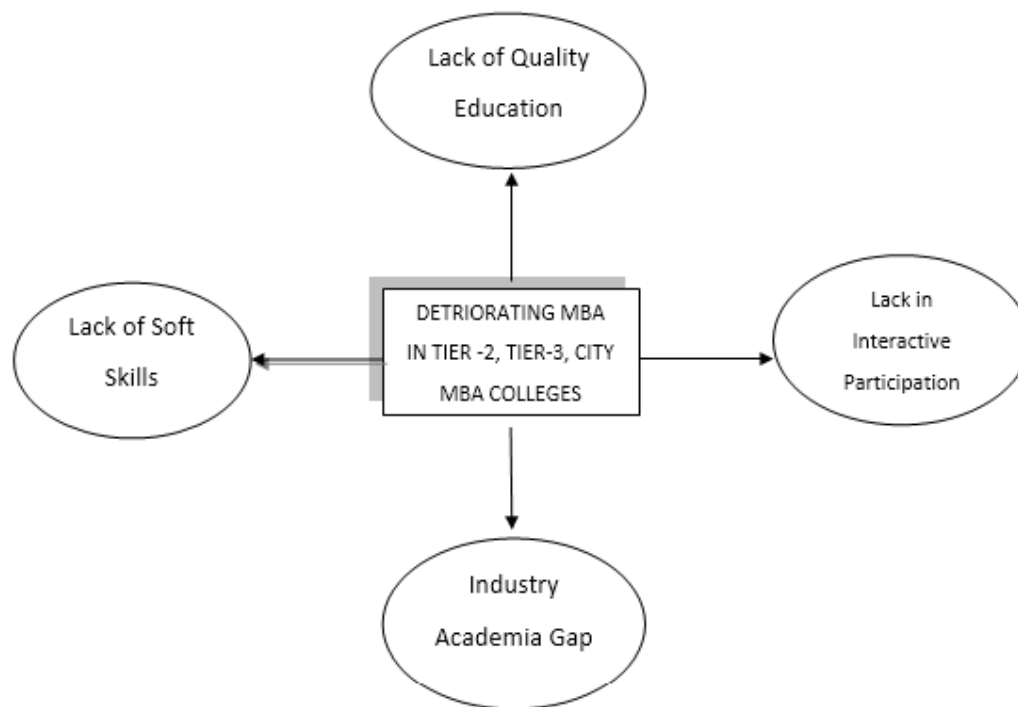
industry ready, having required skill sets, practical experience and potential to learn new things which is the call of the day. To link these challenging scenarios of globalization in Businesses and education - rapid mushrooming of tier-2 and tier-3 management education institutes have unfortunately failed in pacing their education to the changing Industrial scenarios. On the other side due to this rampant growth of tier-2 and tier-3 management institutes with less cost, most of the students' preferred the low-cost MBA programs approved by AICTE rather than B-schools. This was a shift for many aspirant students looking for MBA degrees with low cost fee structure.

Furthermore, many studies have revealed that in devising the management programs for MBA, there is no clarity regarding what should be the expected outcome of the program. And also there exists mismatch between the knowledge, skills, and abilities developed and gained by student in their course curriculum and what is needed by the Industry. There exist a gap. Furthering to this the National Knowledge Commission (NKC) set up by the former Prime Minister calls it a 'quiet crisis', the former Human Resource Minister calls higher

education 'a sick child'. Industries usually point fingers at enormous skill shortages. They opine that growth momentum may not be sustained unless the issues of skill shortages are addressed.

Furthermore, according to Singrodia (2013), AICTE estimated that there were around 2,385 management schools in India, in which the available seats would be around 400,000. The sad part is that one out of eight seats lies empty every year. Also, in entire central Asia although India has its top B-schools IIM-B, IIM-A and IIM-K positioned in the first three slots, no other B-school was able to get into the top B-school list of Asia.

Now, the question in front of us as an academicians is - Whether our universities with MBA courses are ready with the curriculum for both the tier-2 & tier 3 MBA institutions which will embrace the industry challenges and take into its stride the global competition, - to fit in our Graduates into this umbrella. Are our pedagogies inherent with these changes? Are students ready to accept these challenges?



2. Objectives of Study

- To assess the current (national and study area) scenarios, and critically analyze the relevance of Management studies
- To explore whether the environment of current MBA curriculum in the tier 2 & 3 colleges supports or inhibits the development of those skills and capabilities necessary to connect with the business environment.

3. Literature Review

This is a review of existing discussion, which throws a light on different researches done on current issues of deteriorating intake of students in MBA Colleges and reasons for the same.

According to Gupta, Kalra (2014), Management education in India has gained importance in the last one or two decades. To

keep up with this trend – we have witnessed escalating growth of institutions engaged in imparting management education to the younger generation with less fee structure for the MBA courses compared to top B Schools. This fee structure was a trigger which gave rise to the number of management colleges in tier 2 & 3 cities wherein we could see a shift in increasing number of students into these MBA colleges than top b schools.

According to Singrodia (2013), there was a time when - even tier 2 & 3 city colleges charged up to Rs. 6 lakhs for an MBA course, but presently they are not able to fetch even a mere Rs.2 lakhs. He further reveals, the current economic crisis may be one of the reasons for the deceleration as there is no movement in campus requirements. Another critical reason is the quality of education, which depicts between the top B-

Schools in the country as against the tier-2, 3 and 4 city, MBA colleges, *'in terms of access to research, the teaching quality of faculty and their linkages with business and the industry'*. Singrodia, further argues that if we exclude the top 100 MBA colleges in India, the remaining colleges that offer an MBA course, are not even able to provide basic essential education and job. A report from Associated Chambers of Commerce and Industry says that only 10% of the MBAs are placed immediately after their graduation, which is lower than the 54% reported in 2008.

Nishant Saxena, CEO of Elements Akademia, a brainchild of IIM alumni who helps under-performing B-schools with placements and admissions, says - only 30-40% graduates were managed to be placed in most tier-2 B-schools with a starting pay of Rs 12,000-18,000 per month. Out of 200 B-schools surveyed, 197 schools, and students expressed regret in joining these colleges. Saxena further reveals that *'there are fundamental issues of academic delivery quality as most run-of-the-mill colleges spend less than 10% of their revenues on actual academic delivery'*.

According to Dhiraj Nayyar CEO, India-today Magazine, October 19, 2012, the number of MBA seats grew up from 95,000 to 350,000 from 2007 to 2012. The quantum of seats increased at an annual growth rate of 30 percent but the quality of education apparently did not keep pace. He further reveals that supply has risen to meet the fast-growing demand, but it lacks in quality. This has led thousands of youngsters armed with a degree but with no-where to go. While in the same period even with top B-school the employability of MBA graduates was witnessed with a down trend, it was actually worse in 2012 (21 per cent) than in 2007 (25 per cent), when the surveys were compared. In fact, barring a handful of top B-school MBAs, 2 out of 3 MBAs remain unemployed or under-employed; an article in economic times tells us. This clearly shows that the quality of MBA education provided by major percentage of B-schools is not up to the mark.

According to articles.economicstimes.indiatimes.com, 24th July 2013, AIMA data depicts that in 2008-2009, more than 5 lakh students took national-level B-School entrance tests compared with 2012-2013, were less than 4 lakh students took entrance tests for the B-School for (MAT, CAT, XAT, CMAT etc). Further, AIMA also furnished some estimates which suggest that 400 plus startup B-Schools were shut during the past year or so.

Furthermore, one of the reasons of deteriorating strength in tier -2, tier-3, MBA colleges is the prolonged slowdown of economy wherein there are hardly any new job created in many sectors. Another reason why MBAs are losing sheen is the *'enormous gap between the top MBA colleges in the country and the tier-2, tier-3 and tier-4 colleges in terms of access to research, quality of faculty and their linkages with business and industry'*. Further this article also reveals that MBA is no more a passport to a successful career and almost two-thirds of graduates' transient out of MBA every year - excluding the top B-schools and IIMS, are struggling to find meaningful employment, according to multiple estimates. Further arguing on the same lines Saxena, Nishant says except the top schools, other colleges suffer from a scarcity of qualified faculty and research, also the curriculums they have are mostly theoretical.

This article further reveals that the study done by 'Training and Development Firm Elements Akademia', across 200 tier-2, 3 and 4 MBA colleges in 20 cities in April 2013, interviewed 4,000 students who found poor corporate interaction. This *highlights lack of participation of the students in interactive learning process* otherwise the interviews would have yielded reasonable results. It is the lack of applicant's ability to present and demonstrate their assets to potential employers. Arguing on the same lines, it is lack of soft skills (communication skills) normally student lack in tier 3 and 4 MBA colleges. Aspiring Minds' Chief Executive Himanshu Aggarwal says that a large number of India's business schools "underestimate" the importance of soft skills - wherein soft skills are the basic ingredient for MBAs'.

The article further reveals that *'Rashmi Sanyal (name changed) completed her MBA in financial markets from the inaugural 2011-2013 batch of a Mumbai-based institute. She and 40% of her batchmates are yet to land a job. "I am still hunting," says Sanyal, who spent 4.50 lakh for a two-year programme'*

According to Lahiri, Gaurav, managing director of the India unit of Global Management Consulting Firm, Hay Group, says that many companies have *'been focusing on restructuring, cost-efficiency and right-sizing. If there were three jobs at one point, companies are now trying to see if they can do with one.'* This implies the volume of talent needed in the market is also rising.

This article further reveals that the Management Education Institutes too admit that a cyclical bad market is making placements difficult. A spokesperson from Amity University, Noida who has trained nearly 4,700 graduates in the past five years, says that Industrial slowdown has hit the placements badly which has led down the recruitment volumes for major recruiters. Salary packages, perks have remained stagnant and sizing of organizations is in effect.

According to report prepared by 'Working group on management education' which was formed by National Knowledge Committee, 2005, headed by former Prime Minister of India Dr. Manmohan Singh, to strengthen management education in India, various committees were framed - like the Nanda Committee, The Kurien Committee, The Ishwar Dayal Committee, and The Management Education Review Committee to take a critical review and the overall growth of Business Education in the country. Though these numbers of committees on management education have suggested improvements, still there have been no significant changes in management education except in the top ranking B-schools.

According to Lauder, (2013), unfavorable circumstances are converging to create a perfect storm in the labor market. He foresees that there will be issues which will be coming up at a rapid pace in-front of us and they should not be underestimated - like a Record unemployment as we are witnessing now, a jump in working age population, skills shortage, an ageing population, a shift in economic power to developing economies - which will demand for new skills. ILO (2013-14) report depicts, growth in India slowed down sharply to 4.9 per cent compared to the earlier growths in a decade, the regional GDP growth rate decelerated by 1.6 percentage points. The crisis has diminished the employment opportunities for young people - a situation that was never experienced during earlier cyclical downturns. On

the other side employers struggle to find talent with the right blend of skills and organizational 'fit'. Lauder says 'This challenge is set to worsen and educational institutions will feel the effect'. Lauders' argument throws a light on Industry and academia gap which is not in sync.

According to outcome of Industry Academia summit 2012 conducted at Hindu Banaras University, the constantly changing management paradigms, in response to growing complexity of the business environment, have to come closer to facilitate each other. There should be a productive interface between academia and industry at present knowledge economy which is very critical to both. Failure to recognize each other's role will reduce the interface between institute and industry, and it can potentially give rise to mismatch between demand and supply of manpower, which in turn, can cause disruption in the job market. It is clear from this that industry and academia should seamlessly work together without any boundaries. Further, owing to rapidly changing environment due to global competitive forces has led industries to employ manpower with multi-skills rather than simply knowledge oriented.

To conclude in a nutshell, studies done by many researches confine that the quality of education has deflated to such an extent that only 10 % of the graduates are actually employable despite the robust demand for MBAs. As such there is no shield to anybody in this challenging struggle of life for both the business and employment. Both have to keep pace and embrace changes happening around to survive. Thus in this review the Objectives as mentioned are answered through the literature review.

4. Conclusion: The aim of this paper was to determine why students' intake is deteriorating in tier 2 and tier 3 city MBA colleges. This aim together with more specific objectives described earlier has been met. Our literature review allowed us to form a valuable conclusion in reference to our aim. The conclusion we could draw from the review is that - the intake of student is really deteriorating. The past data reveals most of the candidates remain unemployed this may be one of the reasons. Furthermore, according to Mark Driscoll, leader, human capital, PwC India, says the '*Majority of talent opting for an MBA in India is raw, unlike the global business schools or a few Indian institutes like International school of Business, where people come in for their management education after working in Industry.*' He says that India too should move in these directions. This will make classroom conversations more practical and richer which will lead to improving in their employability skills. Furthermore, with reference to MBA curriculum no single standard curriculum for MBA course will make a candidate polish in all aspects to grow as a perfect manager in today's changing business scenarios of globalization nor does it answer all the questions regarding what exactly the industry needs are. On the contrary the MBA course curriculum today has to be tailored with the Industry needs so that there is a seamless synergy between both Industry and Academia (especially MBA programs). Further, we are also witnessing a different trend in career options – students / candidatures for example with B.Com degrees are now moving in the same stream line getting their M.Com and further achieving Chartered Accounting - by which they feel secured. This is also true with particularly Engineering graduates, and B.Sc. as well.

This emphasizes that MBA programs have to be redefined and re-tuned by incorporating needs of emerging trends of businesses - were cost optimizing and value generation is the prime motto of every business. Thus rejuvenating and strategizing of management programs with Industry needs will overcome the challenges posed by globalization.

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