A REVIEW OF MANAGEMENT EDUCATION IN INDIA – A PARADIGM SHIFT FROM SELLER’S MARKET TO BUYER’S MARKET

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ABSTRACT

Globalised economy has compelled management education to produce suitable managers which has resulted into mushrooming of management education providers in India and hence choice for students pursuing management education. This paper studies the status of management education since it has emerged as the latest academic discipline in 20th century. It studies the origin and evolution of management education in India. Realizing the growing demand of the management education, different educational institutions have established a large number of MBA colleges in the country. Offshore campuses, self-financed institutions and distance education has added to the new developments to higher education especially management education. The paper analyses that this changed scenario demands a fresh outlook at management education with response strategy to be made more consumers oriented. Past research has pointed out that in the interests of students, and of the quality of the higher education system overall, it has become increasingly important for Indian Universities to understand prospective students’ expectations, the influences on them, and their decision-making processes at and around the points of initial application and later enrolment in a college. College is no longer a place where students apply to study. Colleges are now actively pursuing students. The student is now the customer or client. In a more competitive context for attracting students, universities can be expected to develop niches in the marketplace and to seek actively to influence student choice by intensifying their marketing endeavours. Seller’s market has progressively moved on to become Buyer’s market. Consequently this paper stresses the importance of research in this direction where student’s decision making efforts be studied.

Keywords: Management Education, Colleges, Students, Seller’s market, Buyer’s market

1. INTRODUCTION

Economic liberalization, de-regulation, and privatization policies of the Government of India have led to dismantling of barriers, global trade and capital flow, internationalisation of production processes, and cross-border mergers and takeovers. Today’s corporate managers have to work in this globalised environment with entirely new competitive landscape. In order to meet demands of the
dynamic business environment, managers need to possess appropriate skills and capabilities for developing competitive strategies. Management education therefore, cannot afford to remain insensitive to changes in the role the managers have to play. The focus of management education should largely be on producing managers for a globalised economy and generating tailor made packages for meeting the pre-requisites of survival in the ultra-dynamic competitive environment. This results in the need for producing effective and efficient managers. This demand from the corporate arena has resulted into mushrooming of management education providers and hence choice for students aspiring to pursue management education.

Mushrooming of management education institutes have demanded for its prudent management with sheer professional approach. Professionalism begins with delineating the difference between selling management education and marketing the same. While selling focuses on the product, marketing attends the customer’s behavioural make-up foremost. Behavioural dimension of the consumer shall include decision making process he/she undergoes while making a choice from among the alternatives. For that matter, it is imperative for institutes to understand the dynamics of decision making process of students aspiring to pursue the course. The need for the application of marketing theory to college admissions work has become apparent in recent years as the market has changed from the sellers market of the past to a buyers market due to the increase in supply more than demand more recently. Available information at present seems to indicate that the market for prospective college students will remain a buyers market currently and perhaps beyond.

2. BACKGROUND

In one of the studies by K. Sudha Rao and Mithilesh Singh, they have noted that, “the system of higher education in India is highly structured, intensely stratified and predominately publicly controlled and funded. In spite of severe resource constraints, higher education system has been undergoing major transformation since independence. On the other hand political compulsion, social demand, external pressure, internal dissatisfaction have been increasing, and, on the other, the student’s unrest and demand for education linked with employment is growing day by day. Added to these are the policy changes such as globalization, industrialization, privatization and the information technology policy that are in operation in the country and its impact on the education sector. The resultant outcome has been the expansion and growth of higher education system in various dimensions from a relatively small, elitist and uniform system of a few universities and limited number of similar type of colleges affiliated to it to a highly diversified large number of institutions today”.

After having witnessed decades of State owned and controlled higher education in India, Privatisation has entered and rapidly advancing its footsteps in higher education for more than a decade now in India. As Ms Swati Majumdar, Director, Symbiosis Centre for Distance learning points out that, “Private Universities is a new concept where self financed private universities can be established by private players without financial assistance from the State. A number of private universities have been established in various States as also Central Government of India has granted Deemed University status to a number of educational institutions. In this era of liberalisation and global education, it is germane to attract, encourage and promote the private sector investment in the realm of Higher Education and lay the legislative pathway to establish and incorporate private self-financing Universities in India”.

3. STATUS OF MANAGEMENT EDUCATION IN INDIA

As in the words of Mr. M. P. Sinha, executive director of GHRDC, “Management education is one of the latest disciplines to be added on the academic map worldwide. It emerged as an
academic discipline in the early 20th century. But the concept of business school started as early as in the 19th century. In 1819, the Ecole Superior de Commerce of Paris (now ESCP Europe) was founded. It is the oldest business school in the world. Then in 1881, the Wharton School of the University of Pennsylvania was founded as the first business school within a broader university”.

However, real origin of business schools dates back to as early as 19th century when business schools used to primarily prepare their curriculum as per the needs of the colonial British rule in India (Gupta et al., 2003). The graduates joined the British government bureaucracy, usually at the clerical (“babu”) rank. India’s first business school - Commercial School of Pachiappa Charities – was set up in 1886 in the southern city of Chennai. In 1903, British government initiated secondary school level commerce classes at the Presidency College in Calcutta, with a focus on secretarial practice/business communication (shorthand, typing, and correspondence) and accounting. The first college-level business school was founded in 1913 in Mumbai (Sydenham College), and was soon followed by another in Delhi in 1920 (Commercial College, later renamed as Shri Ram College of Commerce). These business colleges imparted basic skills about the principles of trade and commerce to clerks and supervisors from fields such as banking, transport, and accounting. After India’s independence in 1947, business education, which was associated with “babu-ism” and therefore lacked a strong social status, started to evolve. In an attempt to enhance vocational skills, the Government of India introduced commerce as a third stream of specialization at the high school level, science and arts being the other two (Gupta et al. 2003).

Mr. Sinha further talks about the evolution of management education in India by saying, “the history of management education in India is not different from the global history, although it emerged as an academic discipline only in the second half of the 20th century. Management education in India is a post-independence phenomenon. It is now over 50 years and yet we have not reached the level of excellence comparable to global standards which seems, will take long time. The Institute of Management and Social Welfare, Kolkata 1954 was the first followed by The Andhra University to start a full time postgraduate management program in 1957. Delhi University followed suit in 1958. A number of universities setup the postgraduate management programme thereafter; mostly three year evening course for working executives. The University of Madras, University of Allahabad, University of Jodhpur, Punjab University and Bombay University set up their Masters in Business Administration (MBA) programs in the 1960s. Majority of the universities set up their management programs between 1970 and 1995. At the beginning Management Education started with an idea of providing management education to practicing executives. Later in 1961/62, Govt. of India established IIM in Kolkata and Ahmedabad in collaboration with the Sloan School of Management, MIT and Harvard Business School respectively. The first Indian Institute of Management, a centre of excellence in management education, was set up in 1961 at Kolkata followed by IIMs at Ahmedabad (1961), Bangalore (1971) and Lucknow (1974) and in 1990s’ at Indore and Kozhikode. These All India Institutes were set up as autonomous societies in the Ministry of Education with funding from the central government. Despite their dependence for funding on the government, IIMs enjoyed freedom in the formulation of syllabi, recruitment of teachers, international collaborations and faculty development. With private initiative and TISCO’s support, the Xavier’s Labour Relations Institute (XLRI) was set up in 1966 in Jamshedpur. The Universities not to lag behind started MBA programs; some innovative ones; rest using commerce faculty base or adjunct to engineering colleges. By year 1990, about 120 universities had set up full-fledged courses in management. However, the demand for management graduates far exceeded the supply. Further, the State encouraged establishment of private funded B-Schools; and strengthened All India Council for Technical Education (AICTE) with the twin responsibilities of maintaining / upgrading the standards of management education and regulating all business schools in the country”.

India is witnessing a huge growth of corporate culture post liberalization and is today one of the fastest developing countries of the world with GDP clocking between 6% and 9% in the past
decade. India has emerged as one of the most powerful and potential engines of global economy and a great scope of employment have been generated therein. In order to sustain that rate of growth, among other factors, there is need to enhance the quality of higher education and also the number of institutes in India. However it is widely believed that education in our country is in disarray. In this context, the study of management has become immensely relevant. Therefore, the Prime Minister of India has announced the establishment of 7 IIMs in his speech to the nation on the 60th Independence Day.

Realizing the growing demand of the management education, different educational institutions have established a large number of MBA colleges in the country. This has an outcome in the form of mushrooming of management schools. India is now home to 3,900 management schools with a total student intake of 3.5 lakh. 80’s till late 90’s has seen tremendous growth in management education. The boost to the growing number of management schools has been provided more so by self-financed institutions since mid 1990s to the first decade of new millennium. Management is hence a field that deserves special attention. Latest development at the global level has more so demanded attention towards it.

3.1 New Development & Changed Scenario Demands Fresh Look

According to the results of a special survey ‘Higher Education: Free degrees to fly’ (Economist, February 26th-March 4th, 2005, pp63-65), higher education is already a global business. The days when higher education was a matter of national policy and government regulation are rapidly fading. Higher education provisioning is now globalised and in many ways, a commercialized affair and the way that the State had in the goings on is vastly diminished. With globalization, Universities are spreading their reach beyond geographical and political borders. The British, Australian and American Universities are setting up campuses in Singapore, China and the Gulf. This at least must act as an alarming call for India now as globalization breeds competition.

In earlier days there were very few management education institutes started but with changing time, when management education was opened for the private sector, a lot of institutes streamlined. Nearly 75 percent of the management schools in the country are less than 12 years old. To fill the demand supply gap, a new concept called Self financed Institutions hence have emerged. Majority of business schools are in the private sector. Adding to this, distance education system has helped working executives to equip themselves with management education providing an alternative solution to full time management education. This changed environmental outlook demands a fresh look at the providers of management education i.e. Management institutes.

3.2 Response Strategy to be more Consumer Oriented

With the above developments, needless to mention that among other things, institutions need to be consumer focused. College is no longer a place where students apply to study. Colleges are now actively pursuing students. The student is now the customer or client. In a more competitive context for attracting students, universities can be expected to develop niches in the marketplace and to seek actively to influence student choice by intensifying their marketing endeavours. For their part, prospective students are expected to act as more informed consumers when making decisions about their higher education. They are faced with a large array of choices and information on which to make a decision, and it is anticipated that they will be able to make sense of the alternatives available to them and to discern the appropriateness of particular choices to their needs and objectives. Of course, their final decisions have considerable consequences.

In the interests of students, and of the quality of the higher education system overall, it has become increasingly important for Indian Universities to understand prospective students’ expectations, the influences on them, and their decision-making processes at and around the points of initial application and later enrolment in a college. The contention in principle is that greater
awareness of market characteristics and buyer behaviour is imperative (King, 1965). To gain insight into current and prospective student’s decision making in choosing a college and factors influencing the choice is fundamental to engaging in education services. How students make decisions and choose an institution over another is essential information needed by Universities and colleges providing higher education for prudent management (Rivers, Oct 2004).

In this regard, few important questions that emanate which requires due consideration for research in case of Indian Universities and colleges employing management education are;

- What steps do students follow or intend to follow when choosing a college?
- To what extent and in what manner do they exhibit the problem solving behaviour?
- What factors determine student choice?
- What influences the student’s decision making?
- Do students learn from past decisions when making subsequent decisions?

4. CONCLUSION

After having witnessed decades of State owned and controlled higher education in India, privatisation has entered and rapidly advancing its footsteps in higher education for more than a decade now in India. In earlier days there were very few management education institutes started but with changing time, when management education was opened for the private sector, a lot of institutes streamlined. Mushrooiming of management education institutes have demanded for its prudent management with sheer professional approach. With the above developments, needless to mention that among other things, institutions need to be consumer focused. College is no longer a place where students apply to study. Colleges are now actively pursuing students. The student is now the customer or client. In a more competitive context for attracting students, universities can be expected to develop niches in the marketplace and to seek actively to influence student choice by intensifying their marketing endeavours. More research is needed in this regard keeping in mind the Indian perspective.

REFERENCES