January 2016

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Recommended Citation
DOI: https://doi.org/10.57198/2583-4932.1077
Available at: https://managementdynamics.researchcommons.org/journal/vol16/iss1/6

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ISSUES IN MANAGEMENT EDUCATION AMONG SFIS IN GUJARATA

Nidhi Srivastava*
Dr. Siddarth Singh Bist**

ABSTRACT

Objective: To study critical trends prevailing in Management Education and its effect on Business School with specific focus on Self Finance Institutes of Gujarat. Purpose: The purpose of this study is to understand and analyze contemporary issues in Management Education with specific focus on SFIs in Gujarat. The paper is comprised of viewpoints of Senior Academicians of the system.

Methodology: The methodology applied is exploratory research, by reviewing the relevant literature on the subject and by interviewing, Eminent Senior Academicians of the system. Findings: The findings indicate a downfall in admissions to management institutes due to compromise in quality of student, increased student's intake, inexperienced faculties, change in admission process, loose handling of regulatory bodies, gap between management graduates and industry requirements. These issues have caused an alarming situation for management education in Gujarat.

Research Limitations: This study is limited to the vicinity of Gujarat and it contains view point of eminent academicians of Gujarat only. The views are limited to management program conducted by Self-Financed Institutes affiliated to Gujarat Technological University. Implications: This study will give an insight on the improvement areas of management education in Gujarat. It will help to define the role of management education in society. The study will suggest mitigation strategies for management education in Gujarat. Originality/ Value: Management education has been discussed in past researches. However there is hardly any research which indicates the real problems faced by management education with special reference to Gujarat.

Keywords: Management Education, Business School, Gujarat, SFIs, Industry Demands.

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INTRODUCTION

Management education has been broadly discussed in past researches. The major concern, however, has been shown to connect the business education with the need based program. Business world has taken inputs from management education from time to time to solve the issues like slowdown of business, implementing change process, conducting mergers and acquisitions etc. For numerous years, Management Institutes have enjoyed very powerful position and they served as one of the best professional course in the World (Ivory, 2006; and Mintzberg, 2004). In spite of that, role and value of Management Institutes has continuously been under sharp discussion (Mintzberg, 004; Pfeffer and Fong, 2002; Ghoshal, 2005; Khurana, 2007). Lot of radical changes has happened in management education by globalization, technology, demographics and social imperatives (Global Foundation for Management Education, 2008).

There are basically three types of Institutions:

1. “Private-Self Financing Institution” means an Institution started by a Society/Trust/Company and does not receive grant/fund from Central and/or State Government and/or Union Territory Administration for meeting its recurring expenditure.

2. “Government Aided Institution” means technical Institution that meets 50% or more of its recurring expenditure out of the grant received from Government or Government organizations.


Evolution of Management Education

The purpose of management was defined as, “the prime purpose of management should be to attain the maximum wealth and prosperity for the employer, accompanying with the maximum wealth and prosperity for every worker” (Taylor, 1911). “Bureaucracy” is defined as the best way to operate the organization (Max Weber, 1947). Elton Mayo's Hawthorne Investigations gave emphasis on the importance of physical working conditions and stressed on "roles" and "industrial sociology". These concepts are still present in "organizational behavior". After World War II, management education was growing very fast in the United Kingdom. During this course of time lot of professional institutes had initiated many professional courses. The Industrial Training Act stimulated management education and Management Institutes were established. Management Education was recognized as a scientific discipline at German Universities. Since then management education has seen incredible growth at universities. Management education became a major activity and a major business by that time (Cowell, 1975).

Growth and Development of Management Education in India

The growth of management education was very random. In 1947, Government of India assigned the task of improving Indian education system to Dr. S. Radhakrishnan. He found that there is an urgent requirement of technically trained and competent workforce. But India encountered a special problem because of existence of the impact of British people. They followed “managing agency system” in which the responsibility of Management was centralized and was managed by managing agents and his family. Unfortunately, most of the managing agents were British. Hence the need of technically trained professionals became more urgent. Therefore the need of training the work force was at alarming stage and so the need of Management education (Pylee, 1967). Initially the Management institutes emphasized more on commercial end of business. Business schools therefore focused to provide basic
training of trade and commerce to clerks and supervisors. Later, “Commerce” a new specialization was introduced by Government of India. Companies started recruiting commerce students in 1980’s and the need for MBA program rose exponentially. There were some added advantages in commerce stream like no requirement of laboratories or other testing issues in establishment of commerce colleges. So, it was easy for the government to start commerce colleges (Gupta, 2003).

“Commercial School of Pachiappa Charities, Chennai” was the first management institute that started in the year 1886. In 1903, British government introduced commerce sessions at higher secondary level, at the Presidency College, Calcutta. The main purpose of this college was to give emphasis on basic accounting, managerial communication and other secretarial work. In 1913, Sydenham College was established which was known to be the first management institute of Mumbai. In 1920, Shri Ram College of Commerce was founded in Delhi. In 1948, “Indian Institute of Social Science” was the first management program that took initiative to train students to manage industrial venture in India. Catholic Community established Xavier Labour Relations Institute (XLRI) at Jamshedpur in 1949. Two year full time Masters of Business Administration degree was offered by Indian Institute of Social Welfare & Business Management (IISWBM) in 1953. With the successful establishment of IISWBM other universities like Delhi University, Madras University and Bombay University in 1955, Andhra University (1957) started MBA course at massive scale.

To enhance research and education in the field of Management many other institutes like Administrative Staff College of India Hyderabad (1956), All India Management Association (1957), and National Productivity Council (1958) were established. IIM Calcutta was established in 1961 with the Sloan School of Management (MIT) and enhanced research in the field of management. IIM Ahmedabad was found in 1962. They brought a new method of learning qualitative strategic – integration and hence case study method was introduced. In 1973, IIM Bangalore and IIM Lucknow were established followed by IIM Indore and IIM Kozhikode in 1990. (Saha, 2012). Many other management institutes joined the race by then, some of them were Cochin University of Science and Technology (1964), Osmania University (1964), Allahabad University (1965), Punjab University (1968), Banaras Hindu University (1968), University of Pune (1971), etc. Since the growth of management institutes were massive and so there was an urgent need of establishing a regulatory body. Considering this, in 1987 a formal regulatory body All India Council for Technical Education (AICTE) was formed. The main purpose of AICTE was to ensure the proper conduction of MBA program, which included regulation in MBA program like proper student faculty ratio, policies, proper administration, course curriculum designing, responsibility, infrastructure etc. (Kumar, 2011). Higher education in India showed remarkable growth in terms of number of management institutes as mentioned in Table I and Table II. The annual increase in number of institutes and intake of students is continuously increasing (Graph 1).

Table 1: Growth of AICTE approved management institutes in last 5 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Management Institutes</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>1132</td>
<td>17</td>
</tr>
<tr>
<td>2007-08</td>
<td>1149</td>
<td>374</td>
</tr>
<tr>
<td>2008-09</td>
<td>1523</td>
<td>417</td>
</tr>
<tr>
<td>2009-10</td>
<td>1940</td>
<td>322</td>
</tr>
<tr>
<td>2010-11</td>
<td>2262</td>
<td>123</td>
</tr>
<tr>
<td>2011-12</td>
<td>2385</td>
<td>82</td>
</tr>
<tr>
<td>2012-13</td>
<td>2467</td>
<td>1335</td>
</tr>
<tr>
<td><strong>2006- 2013 (6 years)</strong></td>
<td><strong>1335</strong></td>
<td><strong>222</strong></td>
</tr>
</tbody>
</table>

Source: AICTE Handbook 2015-16
Table II: Growth of Management Institutes in India from 1950 to 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Management Institutes</th>
<th>Avg. Annual Addition of Management Institutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1980 (30 years)</td>
<td>118</td>
<td>4</td>
</tr>
<tr>
<td>1980 – 1995 (15 years)</td>
<td>304</td>
<td>20</td>
</tr>
<tr>
<td>1995 – 2000 (5 years)*</td>
<td>322</td>
<td>64</td>
</tr>
<tr>
<td>2000-2006 (6 years)**</td>
<td>1017</td>
<td>169</td>
</tr>
<tr>
<td>2006-2013 (6 years)**</td>
<td>1335</td>
<td>222</td>
</tr>
</tbody>
</table>

Graph 1: Growth of management institutes in India from 1950 to 2013

In the year 2009, the Union Minister of Education, Kapil Sibal showed his intention of closing down AICTE and the University Grants Commission (UGC). There were many reasons such as immense increase in the approvals of institutions, insufficient infrastructure and inefficient faculties. It was planned to establish the National Board of Accreditation (NBA) as an independent body. This was proposed to develop Higher Education and research work and to make institutions more responsible and transparent for securing students future.

Management institutes are held responsible for producing inefficient management graduates. Management institutes are also blamed for not sensitizing management graduates of being socially responsible business leaders (Datar, 2010). The growth of management institutes has been vast in numbers but the number of aspirants opting for management education is facing huge downfall, resulting in overall downfall of the admission process. The situation needs to be explored to give considerable insights for the present management education. (AICTE Handbook, 2011-12).

Management education has grown immensely after liberalization. From the areas of Marketing, Finance and Personnel Management it has now reached to areas of Human Resources, Operations, International Business, Supply Chain Management, Retail and many more. Globalization and Technological advancements have increased competition at a much greater pace. Therefore the need of management education has increased exponentially (Kumar and Dash, 2011). Management institutes have given high hopes to the students regarding their future growth but unfortunately, the hopes of students are shattered because of inefficiency of management institutes to place all the students. Management institutes complain of not getting enough admissions in spite of having good


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Management Dynamics, Volume 16, Number 1 (2016)
infrastructure and other facilities. (Kumar and Dash, 2011) Indian business schools face problems in areas like shortage of faculty, poor regulatory mechanism. (Kumar and Dash, 2011). In India, management education has not been modified as per the need of the industry therefore, the gap between reality and expectation is vast and it should be taken care of. Several committees have suggested modifications and corrections in the current management education but none of them is implemented till date (Kumar and Dash, 2011). Professor C.M. Thyagaraja, mentioned in 'Management Education in crisis' that there is enormous growth in management education but only in quantity not quality. The only focus of management institutes is expansion and they are not concerned about stakeholders’ interest, current market reality and societal need. The Associated Chambers of Commerce and Industry in India (ASSOCHAM), has reported that more than 220 management institutes had closed in Delhi, Kolkata, Mumbai etc. 120 are expected to shut down in 2016. In 2015-16, management institutes offered 5, 20,000 seats compared to 3, 60,000 in 2011-12. (ASSOCHAM, 2016).

Challenges for Management Education

There is a gap between the promise and the performance of management education (Satia, 1992). Management institutes focus on quantitative and analytical skills, and human skills are ignored. This results in production of inefficient Managers (Elliot and Goodwin, 1994). One of the biggest problems for businesses operating in the dynamic environment is the need of competent managers (Spender, 1995). Corporates recruit management graduates as; they are considered to have good analytical skills, leadership skills, sound work ethics, high motivation and relevant business knowledge (Porter, 1988). Most management institutes could not catch the fast pace of designing course curriculum as per the market needs (Randall, 1999). Organizations needed new pedagogical tools with which an immediate solution to any problem can be attained (Raelin, 2000). Management education will not be able to sustain long term if it is not able to bridge the gap between management graduates and employers (Grey, 2002). There is a strong need of developing strategies against drivers of change like globalization, government policies, technology, recession etc. (Friga, Bettis and Sullivan, 2003) The MBA has emerged as the only global degree in the sense that its model of education is relatively homogeneous worldwide (Mintzberg,2004; Hatchuel and Glise,2003). The vision about content course for development of India is misleading (Bowonder & S L Rao, 2004). Management institutes are blamed for not imparting beneficial skills, leadership qualities and even worthy jobs (Bennis and O’Toole,2005). Management institutes should pioneer in the field of knowledge as primarily it is an academic institution(Starkey & Tempest, 2005). Recently management education has become the topic of research worldwide due to poor quality of education (Mintzberg, 2004; Ghoshal2005; Khurana, 2007). Quality movement and benchmarking of problem solving skills with world standards has been the dire need of today and therefore it is the prime responsibility of management institutes to teach handling professional challenges (Klimorski, 2008). Management education teaches lofty theories with the help of case studies which is difficult to implement in the real world. Instead, they should actually teach the uncertainty and complexity of the business world (Rao, 2010). Global leadership positions can only be successfully handled by management professionals who can efficiently solve and bench mark skills to tackle cross functional problems (Jayanthi &Khalil, 2007). Management institutes should define the role of business in the society (Bradshaw,2009). Management graduates should be well aware of ifs and buts of management education and academicians, should design and modify course curriculum regularly as per the changing needs of industry. (Datar et al., 2010) in ‘Rethinking the MBA’. There are lot of problems with management education and those issues like lack of global perspective, in efficiency in developing leadership skills, incapability in recognizing organizational responsibilities, unclear understanding of role of business,
should be taken care of (Datar, Garvin, & Cullen, 2010). Management education needs transformation and that will be possible only if they focus on three prime roles: knowledge creation, gathering of knowledge and institutes must work as connection between academics and the corporates’ sharing of knowledge (Kaul, 2011).

**METHODOLOGY**

The study is exploratory in nature where the researcher has identified major issues of management education by past researches. Based on it, a standardized, open ended questionnaire was developed. This is the most prevalent form of conducting an in depth interview as it allows the participants to express their viewpoints and experiences. (Gall et al., 2003). Each interview was of 30 – 40 min. Interviews were transcribed immediately after the conduction. Major findings from the interviews are described below.

**DISCUSSION**

**Self-Finance Institutes**

Rise of self-finance institutions in Gujarat was fascinating. Initially, Government of Gujarat thought that private entrepreneurs could play meaningful role in setting up colleges which offer higher education like BE, BCA and other professional courses. It was a welcome measure because 12th Five year plan stated the need of graduates and postgraduates per thousand population of India. The policy makers in India felt that the enrolment ratio in graduate and postgraduate courses had fallen down in India as compared to other developed countries like China and America. The Government felt incapable to fulfill the need of higher education on its own and SFIs were brought in. Since the Government felt that it is difficult to find Higher Education so there is a need of Self Finance Institute.

**Fluctuations in Management Education**

One can broadly classify the phase of Management education into two phases:

Phase 1 - up to 2006, when number of MBA colleges in Gujarat was less than 40

Phase 2 - after 2006, when number of MBA colleges were more than 150

The demand of Management graduates instigated after liberalization, as lot of industries demanded MBA graduates to handle their specialized departments like Marketing, Finance, HR, Production etc. As a result of this massive demand of Management graduates, many Self Finance Institutes started with the objective of providing skilled manpower to the industries. Most of the degree courses like Pharmacy, Engineering, Medical etc, had very high operating cost. As they had to set up laboratories, supporting infrastructure, well equipped library etc, while the operating cost for starting the MBA program was comparatively less. Therefore, number of entrepreneurs entered into setting up of MBA Institutes in Gujarat. AICTE inspected only the basic criteria and gave grants for opening MBA Institute.

Due to substantial increase in the demand of MBA graduates their employability was very high and unemployment among MBA was a less known phenomenon in 2005-06 therefore, more and more students were willing to take MBA program after their Engineering, Pharmacy, BCA and other professional courses. Management institutes mushroomed after year 2005 and intake of students
increased many folds. Various Institutions started management education without required infrastructure, less faculties, poor library etc and so the quality of management education faded. Such institutions could not produce good quality of managers, as demanded by industries. These institutes failed to provide skill based education. Post 2005, the objective of management institutes was merely profit making. The institutions which were established in 90s were able to create a brand name for themselves and so they survived. The demand of management graduates dropped after 2010 due to recession. So the institutes without good infrastructure facility, good faculties, and good students faced admission problem. As a result, from 2010 - 2014 approximately 50 Management Institutes shut down or they reduced their intake.

Nowadays Industries are not hiring MBAs because they are not up to the mark. In spite of hiring MBAs industries are now hiring graduates or post graduates of required area, give them short term training and make them skilled for their work. For example: Textile industry will hire person who has done either graduation or post-graduation in Textile Engineering as industry can give related training to the textile graduate and then that person will become expert of his area. Similarly Insurance companies, Banks have established their skill based training centers. So now companies are not demanding MBAs like before and there is a shift from Management to specialized subject.

**Change in Admission Process**

Previously the admission to MBA program was given through aptitude test followed by group discussion and personal interview. Therefore only inclined students could get through the whole process. Post 2009, this process changed and then students had to appear only for the written entrance test. Removal of group discussion and personal interview led to worsening of the admission process. As a result of this, quality of students taking admission in MBA program dropped.

**Revision of Syllabus**

It is believed that MBA program provides only conceptual and theoretical information. They lack practical implementation of the subject. There is a strong need for revising the syllabus of MBA program. Syllabus is not as per the requirement of industries and lacks focus on skill development.

**Regulatory Bodies**

At present there are two tiers or three tiers of regulation i.e. Director of Technical Education, University Grants Commission, All India Council for Technical Education but still problems exist. Focus on Skill development

Skill development is a necessity. MBA program lack skill based orientation. One can reduce one or two subject but this skill based training should be included compulsorily. Due to this lack of skill development activity there is recession in intake of MBA.

**Placements in Management Institutes**

Students search for a suitable college is based on two main criteria: Fees and Placements. Management Institutes present a fake picture and somehow manage to present 100 percent placement and fees less than other Institutes. Students do not have clear understanding of the system and so they are trapped. Many Institutes have tie up with Corporates. Students are absorbed by Corporates and then they are fired within three months. Such placements cannot be considered as placements. If a student is placed and remains in the corporate for a year only then it can be considered as placed. For instance if some company offers very low salary package, student will definitely not accept that offer but institute’s records will say that the student is placed. So this is flaw in the system. Simply offering does not mean that the student is placed. Management institutes are not employment agencies.
Faculty

Since the number of Management Institutes increased many folds, number of competent faculties was dispersed over larger number of colleges. To fill up the faculty position the colleges have diluted both standard of qualification and experience of the faculty. PhD with reasonable years of experience or decent industrial experience must be considered as the main parameter for recruiting any faculty.

Number of seats increased Regulation through group discussion and personal interview was not done. Deterioration of quality of students Deterioration of faculties MBA by sheer qualification may not be considered for a managerial position by the industry.

Role of University and Government in taking corrective actions

University Role: Inspection of management institutes should be conducted regularly. University must ensure proper implementation of policies. More number of specializations based on different type of skills like retailing, banking, agriculture export, processing, e-commerce, internet banking, should be available. University can run short term capsule program for industry specific requirement and they must include compulsory courses like soft skill development and personality development. There should be only one regulating body that set the guidelines, based on which standard criteria can be decided. The regulatory authorities should take strict action against the institutes not fitting into the criteria. Deficiency report of the Institute should be made public. There should be grievance redressal committee for staff/faculty at state level.

Government Role: Government should make policies from which it can control the admission process. They must take strict actions if institution's credentials and deficiencies are not available on affiliating University portal or Government portal. Institutes must conduct their own entrance test; CMAT shall not be the only criteria for selection. Group discussion and personal interview shall be the final round for giving admission. Management institutes expect a lot from faculty in terms of delivering, but standardization in salary is required. Government must standardize the recruitment and salary standards for faculties.

Mitigation Strategies for improving quality of education

Quality of education can be improved only if the quality in all areas is improved i.e. students intake, faculty recruitment, institute support, proper projector and computer labs, sufficient classrooms, supporting infrastructure, authentic placements so on. PhD with reasonable years of experience or decent industrial experience must be considered as main parameter for recruiting any faculty. A meaningful ratio of faculties with industrial experience should be there. MBA colleges should work very close to industry, assignments and projects given to students must be practically oriented. Syllabus should be industry oriented. Unfortunately the exam pattern is more theory oriented but it should be industry specific. Management institutes should be regulated. So one should focus on creating and developing KSA- Knowledge, Skill and Attitude rather than only placements.

CONCLUSION

In the above discussion, contemporary issues in management education with specific focus on SFIs of Gujarat are discussed. The outcome of all this is, management education needs correction in terms of revision of syllabus, intake of students, recruitment of faculties and all such other quality measuring parameters. The primary objective of management institute is to make industry ready graduate, but there is a gulf between corporate requirement and current management education system.
Management institutes have to carry holistic view of all the major stakeholders to remove this existing gap. There shall be controlled interference of regulatory bodies for formulation and implementation of policies, minimal criteria for hiring a faculty shall be few years of corporate experience, students shall be enthusiastic about the management program and their willingness to learn new things shall be prominent, course curriculum shall be modified as management program was never a skill based program it was always a conceptual theory based program so in order to fulfill current industrial requirement it should be skill focused course. Rather than playing a blame game, one should focus on correction of existing system. This way one can develop a system where interest of major stakeholders is safeguarded i.e. Government shall make policies adhering to the current requirement; University shall make sure the proper implementation of laid down policies and institute shall build strategies to make management graduate a business leader. If management institute has to deliver world class education then its sheer focus should be on overall development of students rather than making profit. Management institute shall work in a systematic way with only objective of making business leaders rather than just a management graduate.

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