

Business Education in India - The Quality Dialogue

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Outside of the US, India now trains largest number of MBAs with about 75,000 degrees annually. The Indian government has liberalized the business education market over the 1990s, resulting in a rapid growth of business schools offering programs at both undergraduate as well as graduate levels. Indian business schools have sought to replicate the US-based organizational, pedagogical, curricula, industry-interface, and academic research models, but are struggling to introduce several adaptations because of the differences in the work culture system. In this paper, quality status of the contemporary business education in India is discussed.

The rapid growth and proliferation of business schools is under scrutiny around the world. Pfeffer & Fong (2002), in their controversial paper "The End of Business Schools? Less Success Than Meets the Eye," contended that the graduates with business education are no more successful than the leaders without the degree, for the success is a function of what a person can do. Does it then make sense for the potential students to bear the cost of

MBA education that often tops \$175,000, including tuition and lost salaries? Similar issues were raised in a recent paper from the consulting company Booz, Allen and Hamilton that derided "cookie-cutter" MBA programs that were producing look alike MBA's and not meeting businesses needs (Doria, Rozanski, and Cohen, 2003)

The goal of this article is to assess the quality of business education in

India and to identify opportunities for further enhancement of the quality. India is an appropriate context for our study because of three factors. First, outside of the US, India now trains largest number of MBAs with about 75,000 degrees annually. Second, the Indian government has liberalized the business education market over the 1990s, resulting in a rapid growth of business schools offering programs at both undergraduate as well as graduate levels. Third, Indian business schools have sought to replicate the US-based organizational, pedagogical, curricula, industry-interface, and academic research models, but are struggling to introduce several adaptations because of the differences in the work culture system. Therefore, it would be fruitful to investigate the challenges for enhancing the quality of business education in India.

An understanding of contemporary business education in India will be incomplete without first understanding the historical context of its evolution. In the first section of our paper, we will describe this shift from a commerce-focus to management-focus in the popular business education. Thereafter, quality status of the contemporary business education in India is discussed. Subsequently, we discuss broad issues and challenges. Finally, research implications for the academic quality dialogue are highlighted.

HISTORICAL CONTEXT AND SOCIAL STATUS OF BUSINESS EDUCATION IN INDIA

Business education has a long history in India dating back to the 19th century. Early business schools were focused on the commercial side of business, seeking to fulfill the colonial administration needs of the British government. Their graduates joined the British government colonial 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, 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.

A major development that was underway was the distinction that was being made between commerce and the management aspect of the business education. The focus of Commerce education was on building a strong foundation about the knowledge of business transactions and processes, primarily from the economics and accounting perspectives. In contrast, management education focused on building knowledge about overall business and its various functions, given its stakeholders and the market landscape. It was felt that one needed some disciplinary background, especially in science or commerce streams, or some work experience for effectively learning the management principles. Therefore, management education was intended for the graduate and executive levels, focused on nurturing future leaders who could lead the private and public sector organizations with a sense of social mission.

The Indian Institute of Social Science, a premier institute of higher learning focused only on graduate and doctoral programs, founded India's first management program in 1948, intended to systematically train manpower, create and spread the knowledge required for managing

industrial enterprises in India. Soon thereafter, in 1949, Catholic community founded Xavier Labor Relations Institute (XLRI) at Jamshedpur - the city of TISCO (Tata Group). TISCO had been a pioneer in progressive labor relations approaches in India. Indian Institute of Social Welfare and Business Management (IISWBM), was set up in 1953, under the auspices of the University of Calcutta, as India's first official management institute.

Encouraged by the results of these early initiatives, the Government applied for and obtained a grant from the Ford Foundation in 1961 to launch two Indian Institutes of Management (IIM) - one at Calcutta (West Bengal), and the other at Ahmedabad (Gujarat). This grant was focused on helping transfer American business education knowledge and models to other nations, and required intensive collaboration with an American business school for facilitating the transfer of learning. The IIM at Calcutta established collaboration with the Sloan School of Management at MIT for faculty and pedagogy development, and the IIM at Ahmedabad established similar collaboration with Harvard Business School. IIM at Calcutta adapted the Sloan's incident method and laboratory training, and pursued a research and teaching philosophy more focused on quantitative and operational aspects of management. On the other hand, following HBS,

IIM at Ahmedabad pioneered the case method of teaching in India, and conducted influential research oriented towards writing cases on Indian companies and context, with an emphasis on qualitative strategic integration.

Growth both in numbers and status occurred during the 1990s. A large number of multinational companies entered India, and sought to hire business graduates for their management training positions. Domestic companies also followed suit trying to compete. Companies found that the skills of business graduates fell considerably short of the demands of the executive positions in a competitive world. In particular, commerce graduates had good accounting skills, but lacked requisite marketing, behavioral, and operations skills. They had weak grounding in oral and written communication skills, critical thinking and critical reading skills, as well as in information technology and teamwork skills that were becoming very relevant during the 1990s. As such BBA (Bachelors in Business Administration) programs gained popularity, offering a variety of concentrations customized to the requirements of the industry, in areas such as advertising, sales management, travel, foreign trade, rural development, regional planning, actuarial science, entrepreneurship and business communication.

Meanwhile, with the support of expertise developed by the pioneering IIM's, two more IIMs were founded - in Bangalore (Karnataka) in 1973, and in Lucknow (Uttar Pradesh). In late 1990s, two additional IIMs, one at Calicut (Kerala) and the other at Indore (Madhya Pradesh) were established to further decentralize and develop management resources and talent throughout India. The share of business programs in the undergraduate enrolment has grown from less than 15% in 1970 to more than 22% by 2000.

QUALITY OF BUSINESS EDUCATION IN INDIA

There is a great diversity of business education in India and it may not be meaningful to consider all types of schools in an analysis of quality. Until recently, the top business schools have functioned as role models for the rest; however a number of business schools are striving to create their own regional or sectoral innovation niches. These quality initiatives have been partly supported by a recognition at the national policy level of a need to balance a resource allocation strategy focused on 'creating islands of excellence in a mass of mediocrity' with a strategy that aids "small improvements in large number of institutions" (Natarajan, 2003).

Although there are many problems in making comparisons across business schools, there are

some universal yardsticks for measuring quality in business education, and we will use the common ones: (1) Quality of students including the admission process, (2) Pedagogy, (3) Placement, (4) Faculty development and (5) Infrastructure.

Quality of students

The quality of students entering business schools is very important to consider. As described earlier, traditionally, education in commerce was not seen as the educational path of the brightest students. However, currently, getting accepted into a well regarded business school is seen as very attractive career. IIMs have been ranked at the top in several surveys of b-schools in Asia-Pacific region, and admission to any IIM is seen by most as a passport to a fast track career at the national and international levels.

Each year about 125,000 aspiring candidates take Common Admission Test or the entrance exam of the IIMs. Of these 1,200 will be selected to join one of the IIM's. Thus admission standards are very high. Collectively, the IIMs have been recognized as the world's number 1 in terms of their selectivity, and difficulty of getting admission into (Times of India, Feb 19, 2003).

A distinctive element of b-schools in India is the diversity of student profiles. Since management education is most popular at the graduate level,

aspiring candidates come from a variety of academic streams such as engineering, liberal arts, science, commerce, and medicine, thereby providing a very rich interdisciplinary classroom experience. Although many of the Indian institutions give some extra weight for work experience, a majority of students are without work experience. This is the same situation in both the top ranked and second tier schools. This is in contrast to the US, where traditional graduate students have at least 3-4 years of work experience (Zachariah, 2003). Recently, though, Harvard Business School has begun accepting candidates without work experience; it now evaluates applicants on academic ability, personal characteristics, and leadership experience; where informal or formal leadership experience outside work settings is also recognized. The benefits of relating business theories to their own work experience may thus not take place, but there is expected to be stronger openness to learn about alternative business models.

Pedagogy

Academic quality may be enhanced not only by procuring better quality students but also by improving the quality of students. The important question is what skills do business students need? In recent years, US business schools have been criticized for not educating students

in skills relevant to business. In a widely quoted report from Booz, Allen and Hamilton, business education has come under criticism for not training students to meet the needs of business (Doria et al., 2003). The authors recommend more "courses in communication, leadership, human resources, psychology, and other fields that provide graduates with skills vital to effectively managing people and team-driven organizations".

The situation in India looks positive. An important feature common to most business schools in India is the mandatory summer project that students need to undertake between their first and second years. Students are expected to work with business organizations for two months at least. This is similar to internships in the US, except all students are required to undergo this. This allows schools to introduce local context in their curriculum, going beyond simply using the American textbooks and discussing Japanese principles in the name of the global content. Further, many of these schools have strived to cater to the specific needs of the local businesses by offering specific knowledge-based sectoral programs, such as by including real-world projects and forging strong interfaces with the industry.

Considerable diversity exists in the pedagogical approach. The case-based and experiential approach is

not universally used. In traditional business schools, curriculum is influenced by the traditional syllabi-oriented academic pedagogy. The faculty rush through topics with a view to complete the course, and deliver lectures using the material given in the books. There is often only a limited emphasis on the development of critical and analytical reasoning and a sense of scientific inquiry, observation, problem diagnosis, and problem solving. Consequently, these graduates show deficient technical and social skills; and demonstrate a theoretical and self-oriented attitude. Many companies have been concerned that graduates lack a sense of social citizenship and service. Most companies had to put "re-education" programs in place, to reorient the graduates to the industry they were recruited to. Guided by the mindset in commerce-oriented programs, it was traditionally assumed that quality might be enhanced by tougher examinations, where they are asked to prepare with large number of topics. However, in reality, evaluators typically lower their expectation and award marks liberally so that the proportion of students scoring different grades more or less remains constant. Recently, there is an increased focus on trying to also test on critical application competencies, such as one involving project work. Examinations remain an important element of the curriculum, guided by a philosophy that every worthwhile

activity must be reviewed, monitored, appraised, and fed back to increase efficiency and effectiveness (Natarajan, 2003).

Placement

Placement is an important aspect of quality. Consistently successful placement indicates that the school is meeting the needs of industry. Top ranked business schools have excellent placement of their graduates. Almost all the graduates from these schools get excellent jobs with extremely high salaries. Some students are even finding employment abroad.

The career focus of many schools may be seen by the efforts made the students for the summer internship, and request the companies to provide comprehensive feedback on the performance of the summer interns, so as to increase the chances of converting summer positions into full time post-graduation offers. Some schools utilize psychological assessment tools to pinpoint capabilities of the enrolled students, and identifying promising areas of their concentration. For example, personality mapping may be used to predict that a student who is ambitious and extrovert would do better in the marketing world, while one with empathy would be suitable for the Human Resource Development.

In comparing the salaries earned by top ranking MBA students and

those from second tier schools, it is clear that there is great premium for graduates from the top schools. Yet until recently, many of the schools did not have professionally-manned placement departments and in some cases, the students were responsible for promoting their schools, and for organizing for their placements and for networking needed to establish self-employment entrepreneurial ventures.

Faculty Development

Although a majority of faculty in most Indian business schools do not have a Ph.D., many faculty in top ranking schools have Ph.D.s. Further, rather than remaining purely teaching institutes, Indian b-schools have encouraged faculty to apply knowledge through extension and consulting. Such extension activities help faculty bring real life experiences to the classroom, and allow b-schools to augment their resources by sharing a part of the consulting fee.

There exists considerable gap between the desire for a comprehensive mission based on research and multi-functional multi-sectoral disciplinary education, and the ground realities. As mentioned earlier, faculty in most Indian b-schools do not have a doctorate degree. A typical faculty member has only an MBA or equivalent degree, usually with several years of industry experience. Limited availability of the qualified doctorate faculty is the

major reason, but a concern with helping students connect to the ground realities of the managerial practice has also been a paramount factor in the emphasis given to the industry experience of the faculty.

An interesting aspect of business education in India is the use of practitioners to teach classes. Often, full-time faculty frequently teach the core courses that are front-loaded into the program and that allows them to mentor the students better. The high teaching and administrative loads in most schools on the faculty makes the faculty development initiatives quite difficult. However, with increased stability in enrolments, a number of b-schools are trying to encourage their faculty to write case studies, and to even enroll for the doctorate programs; many sponsor their faculty to conferences and training workshops.

Infrastructure

While the cost and resource limitations have made the development of infrastructure a challenge for most b-schools, the developmental banks have of late become more willing to grant loans for viable educational projects. The typical tuition fee for b-schools in India is \$2,000 per year, or \$4,000 for a 2-year MBA program. If the b-school invests in excellent infrastructure, including residence doms, state-of-the-art classrooms, and library facilities, backed by initiatives

for faculty development, then the breakeven number of enrollments comes to about 250 per year; which implies a tuition base of \$1 million/year. By offering an additional BBA program, the numbers per batch can be further reduced. The critical constraint remains the administration, which has to devote time to the infrastructure development, as well as the development of faculty, programs, and industry interface for the placements. Most b-schools have therefore started with only 1 batch of 40-50 students at the MBA and/or BBA level, offering only modest infrastructure, and gradually build up scale, scope, and facilities.

CHALLENGES IN BUSINESS EDUCATION

The most important challenge for Business education in India centers around the fact that the high quality education is limited to the top tier schools. The number of students graduating from these schools is miniscule compared to needs of the country. The fact that there is such a difference between the top tier and next level leads to numerous problems that we will discuss below. It must, however, be noted that the second tier of business schools, especially the ones that have emerged over the last two decades, have also created several pockets of excellence, which are of high quality.

In our analysis of the quality of business institutes, we pointed out

that the top-tier business institutes have merit based selection. However, to do well in the selection, a student should have had top class prior education. In most cases, such education is expensive and not affordable by the majority. So the playing field is not even in the first place. Further, the entrance tests are in English, which handicaps an otherwise brilliant student who studied in rural areas and is less familiar with English. Thus, despite the merit based entrance exam, in reality, getting admission into the IIM's is not something that is within the reach of most Indians.

If indeed the quality of education in most other institutions falls short of that at top tier schools such as IIM's (as the premiums in starting incomes earned by IIM graduates suggest), then one cannot expect graduates from top tier schools to add as much value to their workplace as they could if their peer group also received an enhanced quality of management education.

Another problem with the big difference in quality of education leads to an elitist mentality. As institutions attain success, some become wrapped up in their reputation, and lose focus on real accomplishments. This attitude rubs off to students graduating from such institutions. Often, applicants who gain admission into any of the top schools, tend to view themselves in

elitist terms, and enact behavior such as looking down at those from second tier schools. However, considering that most of their colleagues in their workplace will have degrees from less prestigious institutions, such an attitude will come in the way of teamwork that is becoming increasingly important in organizations today.

Although there are many reasons for this wide difference in quality of business education in India, one important reason is likely to be the absence of a body that all institutions look up to set standards - like the AACSB in USA. Although there is an apex body - the All India Council for Technical Education (AICTE) that is responsible for defining the basic framework for quality of the business-education and approving entry and expansion of all institutions¹, there are in practice, many problems that undermine its effectiveness.

AICTE requires at least 1,200 contact hours for the MBA program, in addition to 6-8 weeks of summer internship and field projects, divided over 2 years for the full-time format, and 3 years for the part-time and distance learning formats. The applicants are to be admitted on the basis of a national or regional level written test to assess their aptitude and preparedness for learning of management, performance in group discussion and interview, behavioral and personality trait tests for

professional aptitudes, and prior academic record and work experience. A variety of pedagogical approaches are encouraged beyond lectures, including case studies, group and individual exercises, class assignments, project work and presentations, role play, and management games. Each core faculty is expected to teach up to six courses a year, with an additional four course load equivalent time devoted to research, executive development programs, academic administration, and consulting. Recommended faculty-student ratio is 1:60. Each institution is required to have a minimum of 7 core full-time faculty, who then serve as anchors for the part-time, visiting or guest faculty equivalent to at least three additional full time faculty. A library with at least 30 journals, and at least 200 titles in each of the subject areas, must also be maintained. Finally, sufficient computer and instructional technology and aids are required. These criteria define the minimum entry barriers. Recently, to encourage a process of continuous review, AICTE has also launched National Board of Accreditation (NBA), using a benchmarking system with regard to factors such as physical infrastructure, quality of inputs, and faculty training. However, falling standards of schools approved by AICTE dropped its credibility. It is reported that many business schools got AICTE approval on the basis of

attractive project plans, which never got implemented, so that some of them operated "virtually from sheds and garages" (Raghunath, 1998). The result is that most b-schools have abstained from seeking accreditation under NBA.

A further factor limiting the popularity of what might have potentially been a national accreditation standard is the availability of substitutes. For instance, in 1998, All India Management Association (AIMA) used ISO 9000 to develop a quality assurance system, known as QBS 1000. QBS 1000 program determined and assessed b-school's quality and processes and certified their capacity across crucial and desirable parameters. The QBS 1000 system was intended to evaluate quality at 100-plus institutions associated with AIMA (Raghunath, 1998). Many other independent b-schools also found ISO an attractive option for developing and branding their institutions. But at this point, it is not clear that there is any widely used accreditation system.

Despite the lack of consistency in quality of business education, high demand for business graduates and liberalization have led to the two innovative trends - the emergence of private business schools and niche players and the increased globalization of business education.

Emergence of private business schools and niche players

During the 1990s, buoyed by high demand for management graduates many private entrepreneurs set up management institutes in various parts of India. These programs were generally backed by an affiliation with some university, since only universities are allowed to a degree in India. However, most used the affiliation primarily as a basis to gain credibility in the marketplace, and offered additional autonomous diploma programs. While the university affiliated programs had to follow the university norms of curriculum and pedagogy, the autonomous diploma programs could be designed with full flexibility.

Many of these private business schools showed considerable dynamism in understanding the changing needs of the local industry, and customizing their diploma programs to those needs, thereby establishing their own niches that gained more prominence than the university degrees. Illustrative specialized niches for management education include agri-business, banking, computer and information technology, construction, cooperatives, defense, education, entrepreneurship, finance, hotel resource development, industrial relations, international business, marketing, office, pharmaceutical, police, production, project, public enterprise,

public relations, quality, rural, sports, telecom, tourism & travel, and transport. These niches reflect special management needs of the specific sectors that the b-schools have tried to cater to. For instance, hospital management has become highly popular offering over the recent years. Healthcare is one of the largest segments of most industrial economies. Hospital management curriculum has been adapted from hotel management, as both hotel and hospital manager oversee functional areas such as front office, reception, billing, security, finance, marketing, customer relations, food and beverages, laundry and house-keeping. In addition, training is offered in managing diagnostic and various other patient-care services, which traditionally had to be managed only by the senior doctors (Dhaundiyal, 2002). Similarly, retail management is being offered. Retailing employs one million people in India, but mostly in unorganized sector. Most retail stores incur substantial losses, making professional programs attractive (Pradhan, 2002).

Over the last few years, the Central government and various state governments have recognized the entrepreneurial efforts of the private b-schools, and have begun granting "deemed" or "private" university status to several private b-schools that have excellent brand names and

resource infrastructure. These forces have created a very positive climate for the growth of b-schools. In 1991, the number of approved management education institutions in India was only about 130, with an annual MBA intake of about 12,000, comprising of 8000 full-time, 3000 part-time, and 1,000 distance education students. The number of approved institutions has now grown to approximately 1,000, with an annual MBA in-take of about 75,000. Appendix 1 provides a list of top 10 business schools in India, as ranked by Outlook.

Most notable of the new institutions is the Institute of Certified Financial Analysts of India (ICFAI) University. ICFAI's roots lay in a distance education program launched in 1985, which has since qualified 2,000 plus financial analyst graduates. In 1994, it set up IFCAI b-school, which has since grown to nine centers all over India, namely Ahmedabad, Bangalore, Bhubaneswar, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai and Pune. All centers offer eight MBA programs in different areas, taught primarily by industry practitioners. In 2002, ICFAI received a private university status by the State government of Chattisgarh. It also has founded an institute for training management teachers, leading to an award of Ph.D. degree. In some surveys, it has gained 3rd rank among B-Schools set up post-1991 liberalization and 7th rank among non-IIM B-schools. With rapid

growth, it already boasts of 2,700 plus alumni.

IGNOU (Indira Gandhi National Open University) is another institution that has helped extend management education to the masses. IGNOU is an apex 'open learning and distance education' institution, which enrolls several thousand students in its under-graduate and graduate business education degree programs via distance learning. Recently, it also launched 'Gyan Darshan'— the educational TV channel and the 'Gyan Vani'— the FM radio network comprising of 40 channels, for promoting business and technical education in the nation. The channels deliver course content developed by IGNOU faculty, and by faculty of other institutions such as IIM's, to students all over India, reaching even rural and other under-developed communities. The courses are currently delivered without any cost to the users, and can be used by any body with a television or a radio. Instead of a lecture method, the channels offer a mix of educational, cultural and musical programs to lift up the mood of the non-conventional students and fulfilling their educational needs. The programs also offer an interactive session, allowing the students from around the nation to ask questions to experts. Any b-school can provide its taped material to IGNOU for delivery of course content through these channels (Pant, 2002). IGNOU's approach has proved

highly valuable in the Indian context, where education as a whole itself remains a luxury consumption item even in urban India. In urban India, the elasticity of consumption for education in the private consumption basket is 1.62, i.e. a 1% rise in total family expenses leads to a 1.62% increase in the education expenditure (Soman, 2003).

Emerging Role of the Global Factor

While the internal efforts remain paramount in quality enhancement initiatives, the global factor is also beginning to play a role. Several overseas b-schools from the US, the UK, Ireland, Australia and France have been prominent in India. Most of these are focused on attracting Indian students to their home campuses, riding on the increase in the incomes of the upper middle class segment in India and the willingness of the commercial banks in India to offer loans for overseas education. Every year, about 7,000 applicants take GMAT from India, and about 35,000 books on GMAT are sold (Chanda, 2002). Many Indian B-schools have leveraged the growing interest of foreign universities in recruiting Indian students to obtain "international validation." Under this system, the foreign b-school certifies quality assurance on issues such as curriculum content, content delivery, and evaluation procedures. The level of commitment by the foreign b-school varies, and ranges from

provision of its own curriculum and visiting faculty, to assistance in developing local curriculum and in developing local faculty resources. For instance, Indian School of Business (ISB) offers graduate degree in business, validated by the Wharton School, Kellogg's and London Business School. These programs allow the foreign universities to reach out to the students who may be interested in visiting overseas for only one or two semesters, and help the Indian b-schools harmonize their curriculum with the international standards. In some cases, the foreign b-schools are also able to secure a share of tuition revenue, which are used to provide opportunities for their faculty to visit and consult in India.

Many b-schools have launched successful programs where the students cover part of their program in Indian institution, and the rest in the foreign institution overseas. The study abroad programs are less popular, because most students are willing to pay the costs of overseas education only if there is an option to get jobs abroad. Therefore, most programs offer the students an option to spend final 4-12 months with the foreign partner institution. Further, by including overseas internship as a requirement for graduation, the students become eligible to work overseas as an intern without requiring any work permit. For instance, Institute of Management

Technology (IMT), Gaziabad has a set up a Global MBA program with Fairleigh Dickinson University (FDU), USA. The students split their coursework in India and in the US, and are required to do a six-month internship in the US. (Sablania, 2002)

Many leading Indian companies - such as Tata Group, the Birla group, Madura Coats, Cargill India, Godrej, and Wipro - are giving a fillip to international initiatives by regularly bringing in overseas faculty, such as from Harvard, Wharton, Kelloggs, and London Business School, for holding short-term classes at their site (Bhupta & Kothari, 2003). In response, some foreign business schools have launched special executive programs in India. The University of Michigan runs a two-week Global Program for Management Development in Bangalore targeted at 30-35 senior manager level participants from a select group of 30 companies, whose CEOs participate in another 2-day program every year.

At the same time, the Government of India is beginning to push India as a destination for management education, especially for the students from Asia and Africa. Because their affinity in terms of culture, climate and in some cases language, Indian institutions in south India, for instance, are expected to be successful in attracting Sri Lankan students. Offering programs for the executives and consulting services for

the companies in Asia and Africa is also seen as a high growth opportunity (Bhaya, 2001). These efforts have generated a keen recognition of the need to harmonize the Indian b-school system, including curriculum, teaching-learning process, and methods of evaluation, with the international standards.

An interest is beginning to emerge in benchmarking and learning from the success of the Indian IT education model for expanding overseas, and catering to the lucrative corporate market. In 2003, India's software education market was \$325 million. The market leader, SSI/Aptech group, had 3,200 branches of a franchise-oriented business, followed by 2,400 franchisees of NIIT. During 2000's, SSI/Aptech's revenues from overseas centers grew at the rate of 50% annually. The most successful of its overseas operations were in China, where it ran 90 centers through a joint venture, formed in 2001, with an affiliate of Beijing University, with revenues of \$5.6 million in 2002. It had translated its English courseware used in India into Chinese, and had trained Chinese faculty in its Indian centers. Its biggest rivals in China included NIIT with 100 centers, and Singapore's Informatics Holdings (Economic Times, Feb 14, 2003). The success of the IT education model in the corporate training market is also catching the attention of the business schools. Tata Infotech, for instance, uses blended IT training modules that

include both "off-the-shelf and customized content" for targeting both domestic as well as overseas customers (Gupta, 2003). Similarly, New Horizons, the global leader in IT education, has entered the Indian market through collaboration with Shri Ram Group, with a focus on corporations seeking to develop an IT strategy, and on India's booming back-office industry which offers global firms services such as call centers and payroll processing (Economic Times, Feb 19, 2003). Such global exchange offers an excellent opportunity to Indian business schools for global brand building, global reach, and cross-pollination of ideas and academic models. However, without appropriate governance system, an attempt to introduce global exchange could prove to be quite counter-productive, such as by creating negative country of origin impressions in the world.

DISCUSSION & CONCLUSIONS

In this article, we reviewed the historical development of business education in India, and highlighted the shift from the traditional commerce-focused programs to the new management-focused programs. We identified major parameters that are useful for evaluating the quality of business schools and evaluated Indian business schools against these standards. Our analysis leads us to believe that there are high quality business schools in India. However,

these are very few. The lack of acceptable and reliable standards of accreditation has resulted in a set of elite schools resting on their reputations and a whole lot of schools where the lack of standards makes quality suspect.

The emergence of elitist schools may be explained by considering the power distance dimension of national cultures. The concept of quality business education will be defined differently in different cultures. Indian culture is characterized by high power distance and consequently high quality may denote elitism, reflecting pre-eminent standing among peers, as ascribed by public beliefs, and reinforced by cultural media, rewards and rankings (Gupta, Hanges & Dorfman, 2002). On the other hand, in low power distance cultures, excellence could reflect action orientation, and be more a symbol of accomplishment, indicating the core mission and strategic commitment of the business school to all-round quality. The concept of quality as defined by low power distance cultures, is what is useful to compete in the current global economy where success needs action orientation and team work. This suggests, that Indian business schools might need to change their culture and adapt to a new world economy by viewing quality more in terms of achievements than a reputation. Failure to do so, will result in the top tier schools becoming

increasingly elitist till they lose touch with the needs of Indian businesses.

We recommend the following as a way to further enhance business education in India:

1 Standards of accreditation: It is essential that there should be reliable and widely accepted standards of accreditation of business schools in India. Either the AICTE needs to work on improving implementation (as in other facets of India, the goals and guidelines are usually in place, it is the implementation that is the problem) and building up credibility or some other body that is more acceptable needs to provide accreditation standards. Obviously such accreditation will go well beyond ranking based on reputation or salaries of graduates, and find measures that focus on the essence of business education. Such reliable and valued accreditation will go a long way in improving the quality of less well known institutions. Further, institutions that currently focus on their reputation and rank, will need to become more action oriented by focusing on what it is that makes business education valuable. This will help curb their tendency to elitism and allow them to retain their current high quality education.

2 Top tier business schools have a responsibility to share their knowledge and skills with schools that might not have the same standards. This will not only raise

standards, but will also allow their own graduates to be more effective in the workplace. Further, top tier schools need to change their culture from one that rests on its reputation and is elitist to one that is achievement oriented. This change in attitude is essential if their graduates are to compete in a world which values results and employees who are team players.

3 Executives need to be more concerned about the actual quality of business graduates they hire rather than be carried away by reputations.

4 Students: Ultimately, it is up to the students to decide whether they are in the business schools just for passive learning, or if they are also ready to take the action challenge of forcing changes in the mental attitudes of the administrators in matters that are critical for sustaining the reputation of their institutions, and preserving the life-long premiums to their learning.

There are reasons to be hopeful that business education in India will improve and be considered excellent globally. Significant improvements in the quality of business programs have occurred since liberalization in India. The existence of pockets of quality is evidence that it is possible to get high quality education in India. These schools can act as role models for others. The effort to reach out globally will also play an important role in exchanging institutional learning and

in broadening the perspectives of the faculty and the students and result in the improvement of business education in India. Increasingly, the business schools in India are striving to be responsive to the local needs. Research, for instance, is emerging as something that goes beyond articles, books and publications, and should and does include personal and institutional introspections that enhance the quality of learning experience within the classrooms and in the industry. Such a broadened perspective is perhaps more appropriate for the diverse cultural and emerging market context of India. Use of simply the cookie-cutter tools, borrowed from the US, may just cause the managers to introduce replicas of American business models in India. That would be a disaster, for it would hinder the development of unique endowments of India, and also erode the idiosyncratic advantages of the American corporations.

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Footnotes

¹ All proposals for entry or expansion must first go through the concerned state government in case of autonomous institutions or through the University Grants Commission in the case of public universities. The AICTE is responsible for giving final approval.

Appendix 1

India Business School Ranking in 2003*

Rank	Institute
1	Indian Institute of Management Ahmedabad
2	Indian Institute of Management Bangalore
3	Indian Institute of Management Calcutta
4	Indian Institute of Management Lucknow
5	XLRI Jamshedpur
6	NITIE Mumbai
7	FMS, Delhi
8	IIFT, New Delhi
9	S P Jain Institute Mumbai
10	IIT Bombay & IIM Kozhikode

(Source: Outlook - C fore Survey); Sept, 2003

* Rankings differ considerably across different surveys of business schools in India, because of differences in methodology and differences in the sample participation. Further, rankings change considerably on an annual basis, because of the rapidly changing environment for business education in India. Therefore, these rankings should be seen with caution.

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