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From Management Institutes to Business Schools – An Indian Journey

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FROM MANAGEMENT INSTITUTESTO BUSINESS SCHOOLS

– AN INDIAN JOURNEY

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Changing times

There have been considerable changes in management education since the advent of economic liberalization and the opening up of the Indian economy in the early 1990s. The changes have been marked by the rapid growth in the number of institutions offering an MBA or a Post-Graduate Diploma in Management given the sharply rising number of applicants for such education. Alongside the growth in numbers, there have also been changes in the curriculum, the technologies used in learning, and the way these institutions are governed. In this paper I will focus on the latter set of issues and not discuss the complex reasons for the explosive growth of management education. The growth of numbers has had one important effect worth mentioning. The distribution of the quality of management education across these large numbers of institutions is quite skewed. There is a small set of good institutions followed by an equally small set of mediocre institutions, which is followed by a very large residual set of poor quality institutions. Regulating this large and diverse set of institutions with a huge variation in quality is not an easy task. The government – mainly through the Ministry of Human Resource Development and the All India Council for Technical Education (AICTE) – has tried in vain to find sweeping solutions that ostensibly fit every type of institution.

Coming back to issues of curriculum content, learning technologies and governance, the changes have not merely been in the area of management education, but many have affected higher education in general. During the past twenty five years there has been a rise in the demand for technical and professional courses, and comparatively a significant decline in the demand for pure science and liberal arts courses. Job opportunities, mainly in technical and professional domains have increased with the coming of the IT age, and the opening up of the economy has led to international companies making global job offers. The classrooms look different with students using less and less of hard copies of books and depending more on multimedia and internet sources for knowledge and information. There has also been a general decline in the attention span of students with net surfing and texting occupying a large amount of classroom time instead of listening to the instructor or trying to follow the course of a lecture. Not surprisingly, these general trends have affected management education too (Rao: 2005).

One final comment before we turn to specific issues in management education.The costs of higher education, especially the costs of technical education have gone up by a large multiple of what they

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were at the start of the decade of the 1990s.This trend has been particularly strong in the case of management education where fees of one million rupees per annum is not uncommon. Salaries, after obtaining a management education, have also increased manifold. Credit markets have eased too, where getting a loan for pursuing higher education in management is not difficult, especially, for those who are lucky or clever enough to make it to the top institutions that offer management diplomas or degrees.

The roots

To fully appreciate the changes since 1991, it is important to go back a bit to the 1960s when management education began in India. Professionally trained technical experts were required to manage large organizations in the public sector – the “temples of modern India” as Prime Minister Nehru had described them. Private industry was expected to play a subsidiary role to the large and growing public sector. The British colonial model of running businesses was on the way out as were the companies themselves. The age of the “boxwallah” was over and the managerial characteristics of having a liberal arts education with a good family background and communication skills became redundant. There was a shift of focus in managerial profiles towards production and operations and away from sales and marketing skills. The old British model was found wanting, and India turned to the US model with its emphasis on technical skills and rigorous training in the science of management. A subtle, though basic, distinction was made between ‘management education’ and business education’. Management was perceived to be a much larger domain than running a purely business organization exclusively focussed on profits. Managers of the new era were supposed to be trained people who had a larger social responsibility to help transform India into a modern, vibrant and prosperous economy and society. Obviously the education imparted would have to be something more than functional skills of finance, marketing or organizational development. It would have to imbibe the manager with a sense of history, of society, and of the larger contours of India’s political economy. This was the add-on to the typical US curriculum of the functional areas of management science.

Indeed, in USA there was a sea change in business education in the 1960s. The earlier model of MBA education was criticized for its mediocrity in terms of teachers as well as students. There was neitheradequate academic research nor was there any great relevance of that education from the point of view of practical knowledge of running an organization (The Economist 2003). Business schools responded well, and many soon became centres of excellence attracting top quality academics as well as students. However, soon this model too came under criticism.It was claimed to be too theoretical and not industry-based knowledge that would be of use in the day to day running of business organizations. Even today,this tension remains in USA as well as in India where the American model was followed closely.

The Indian manager of the earlier decades was expected to acquire a set of skills and sensibilities that would help create a shared vision of modern India. Managing organizations was not limited to businesses. They could be arms of government, non government organizations, municipalities, social projects operating in rural India. In short, the purpose was to create a cadre of technocrats who along with the bureaucrats of the civil service would constitute the vanguard who would lead the nation (not only industry and commerce) into modernity (Burnham 1941). Little wonder then, it was the Government of India that took the initiatives to set up the first big management institutes in the country with help from Ford Foundation and the best known US business schools at Harvard and MIT.

Despite the basic agenda of nation building which necessitated the creation of these institutes, it emulated the US curriculum and pedagogy from the very beginning. One or two courses were added such as on Indian social structure or economic history as it was deemed necessary to acquaint the Indian manager with the contours of India's complex society and polity. The relative importance given to quantitative techniques and western theories of management was a reflection of a need to emulate the developed countries. In the 1960s and 1970s thefaculty of the earlier institutes wereencouraged to go for training in western business schoolsand of course books and journals were overwhelmingly western. Management education became a set of functional skills – a tool box – to use in practical contexts of project and people management.

From blackboards and brains to power-points and pie charts

Things became different in the 1990s. The institutes that came later did not consider these courses on the broader aspects of society in their curriculum even as a minor add-on.Two important changeshad great impact. The first was the opening up of the Indian economy that brought foreign companies with global operations into India, and the jobs on offer were international. The second important change was the advent of radically new information and communication technologies like the computer and the internet, and a little later, mobile telephones. The nation became economically and technologically more integrated with the rest of the world, particularly the advanced market economies. This changed the aspirations of the students, the expectations from the education they received, the classroom environment including the use of computers and projectors and a serious decline in the attention span of students. The teachers were expected to quickly adapt to the new and rapidly changing environment. The knowledge and use of information technology soon overtook the relative importance of understanding quantitative techniques. Many were now available on the computer and could be used rather mechanically with the click of a mouse. Some teachers felt that the romance of classroom teaching had eroded seriously and the student teacher relationship had evolved in to one of stakeholder and customer. In the age of global capitalism everybody and everything became a commodity and every relationship started to be perceived increasingly as a market transaction.

The demand from students was very direct and understandable. They wanted skills and knowledge that would help them get jobs in international consulting firms and even better if they could make it to Wall Street – the ultimate dream of an aspiring manager (Noble: 1997). Anything that added value to their curriculum vitae and improved their chances of getting a job was considered worth pursuing. Everything else was useless. The knowledge required for running big global organizations was deemed to be very uniform and structured. New theories of global management came to the fore. Every course was expected to have something about global economies or global management. Faculty members were also expected to create new knowledge and compete in terms of research with their western counterparts. The number of journals, many of them virtual, grew at an explosive rate. The computer made churning out of numbers quite easy. Hence the focus of management research in India changed tovalidating western theories with local data. Most research in management degenerated into mechanical and often shallow empiricism. The requirement that a faculty member was fit to participate in academia was measured by the number of publications. Further, if one had publications in western journals it was deemed better than if one published in local ones. Some schools stopped recruiting faculty who did not possess foreign degrees.

Needless to add, the governance of these institutions changed too. The new expectation was that faculty members performed in terms of some measurable criteria and if they did well they would be rewarded monetarily beyond their (quite handsome by Indian standards) salaries. The western model of corporate incentives was introducedin many management schools, and rewards beyond salary were based on measured academic performance. In the discourse of this particular sector of higher education, the term management institutes became less frequently used, and the term business schools gained ascendancy. The older and more nuanced distinction between the two got blurred.

Another major change in the external environment of management institutes that had an enormous impact was the introduction of evaluations made by the media through periodic rankings of these institutes. The media began to exert considerable influence on an institute's reputation**,** just like the rating agencies did for national economies. Ranking could have serious effects on market perceptions and hence on the quality and quantity of intake of students. Rankings were based on a mix of qualitative perceptions of stakeholders and a set of measured quantities of attributes that could not be easily validated and verified by the ranking agency for all the institutions they ranked, such as the number of books in the library, the average salary obtained during placements or even the number of foreign visitors who came to the institute. One could hate rankings and point to a hundred deficiencies, but one could just not ignore their impact. Indian management institutions were reduced to a matrix of numbers and ranks, based on which judgement was formed on the quality of an institution.

Some major events occurred in the western economies in the first decade of this century. Two are worth mentioning as they had widespread effects on management education in India. The first was the Enron debacle and the unearthing of widespread unethical practices that business indulged in to make a quick buck (not for the shareholders always, but more often than not for the CXOs of the company). The second event was the financial crash of 2008 that shook up Wall Street and the world economy. These events led to a growing criticism of western business schools' curricula – that they did not teach ethics and social responsibility. No wonder every management school in India began to talk about ethics courses and the teaching of corporate social responsibility. The government of India went one step further. It passed legislation that made socially responsible expenditure mandatory for profit earning private companies. So now business schools have suddenly found that the number of ethics courses has become an important parameter in the ranking process. Adult students are routinely taught not to tell lies, not to take or give bribes, not to cheat, not to hurt helpless people, and of course not to be greedy. However, they are also taught never to lose sight of the primary objective of maximizing profits for the company. Students learn quickly (probably even before they enter the portals of these management institutions) that one's contribution to the bottom line of profits wouldultimately determine one's position and stature in the organization they worked in.

Another echo that came from western business schools was about climate change and environmental sustainability. The ranking and accreditation agencies started looking for "sustainability" in the curricula. Hence again many schools just added a course on sustainability where the essence of the concept was to be able to align sustainability goals as a component of overall business strategy and the term sustainable growth was used as a business goal. It is not easily realized that sustainable growth is a contradiction in terms – nothing physical can grow indefinitely. Hence whatever environmental management can be done has to be done in terms of the existing institutions of economy and society. It is easier to talk about the possible death of the planet rather than anysustainable alternative to the existing economic and social system.

Globalized wisdom

During the past two decades or more, the resurgence of faith in markets has led to viewing the business environment as a hostile hyper competitive space where the most ruthless and the fittest survive at the expense of all others. Competition is about survival, not success. The teaching of such perspectives leads to a disconnection from what is believed to be of self interest on the one hand and issues of morality or ethics on the other, in the context of doing business embedded in a society with many other problems of lives and livelihoods. However, an organization that looks at itself alone, without the interconnections with other organizations and the environment, necessarily ends up destroying itself or the entire environment (Descheres: 2014). Students seldom get to see (or are encouraged to see) that business is part of a more complex interdependent eco-system where collective well-being is essential to individual survival. Indeed, the dominant view of business and its underlying philosophy is often dished out to students as the only available model (there is no alternative or TINA) and students as potential change agents are discouraged from questioning the existing state of affairs and searching for creative alternatives.

There leaves little space for students to find their own meanings or develop an ability to critique existing habits of mind. Learning becomes a mode of control rather than a search for meaning. As teachers we often end up transmitting unquestioned attitudes, norms and beliefs. The conventionally accepted definitions about what constitutes work, play, achievement, success, failure are all socially constructed categories that carry the weight of particular social interests. The failure of curriculum builders to realize that there are fundamental interests of knowledge other than prediction, control and efficiency is a serious political and ethical lapse (Giroux: 1988).

An appreciation of the latest technologies and how they could be manipulated for business gains is deeply ingrained in the curricula. The omnipotence of technology is taken as a matter of faith. Hence clean technology will make the world sustainable and one does not need to think about changing the business as usual model with carbon emissions and other types of dangerous pollutions. Technology becomes a convenient way of escaping from our obligations to society and the environment, and ultimately to ourselves (Williams: 1997). To manage these rapid technological changes most of management education would have to focus on marketable skills as defined by the employer's needs.

Hence in terms of governance of these institutes a much bigger role was given to practitioners from private industry. Very little space was left for academics in governance. The linking of curricula to market needs, the introduction of monetary incentives, the measurement of academic performance in precise metrics, and the culture of nurturing knowledge creation that contributed to the validation of the dominant model of global business – were all part of the new strategic thinking of business persons in the governing bodies. There is freedom to carry out research and construct courses, but these freedoms are what philosophers call negative freedoms – freedom from constraints. But the culture of management education does not encourage or enable examining deeply the global**,** societal and political constraints that surround any business.By concentrating on technical matters, it ends upcreating self-righteous practitioners operating in a vacuum of moral references.

The importance of being different

Students, who enter business schools the world over, are taught early on in their education that rational thinking inevitably leads to structured and unique solutions to problems and questions. When this author joined the faculty of a management school from a pure discipline background, he wanted to know the most important feature of the profile of students that would populate the classroom, over and above basic intelligence and industriousness. The answer he received was that a potential manager should have a tolerance for ambiguity. Business problems and situations of real life seldom throw up unique solutions. There could be alternative perspectives to any problem. However, this is one aspect that seems to be missing in students in the MBA classrooms of today. The discussion of different perspectives creates a great deal of anxiety in students since they realize that theyare existentially responsible for the answer they choose. In short, most MBA students are not used to dealing with abstract ideas, uncomfortable questions and ambiguous situations. They also find it difficult to appreciatethat knowledge ofsubjects like history and anthropology or sociologycould be of any use in analysing business problems.They know they pay a lot and in an ambience of possessive individualism, they are accountable only to themselves. The difficult questions are to be forgotten as irrelevant. The ones focused on the self are the only important ones.

It is true that social reality has been changing dramatically - the context of doing business along with the options for choosing a life strategy. These strategies in the past used to be around building order and design and maintaining those with power structures. The key to today's competitive advantage is chaos – not reacting or controlling chaos but actually producing chaos. Irreverence is important in highly creative environments. It makes chaos less scary. Most business strategy experts of today will agree that there are two types of businesses – one that keeps changing and the other that goes out of business. Change has become a purpose unto itself. Every organization must prove to the market that it can change. In a world of rapid dramatic change there are no gains to be had in sticking to old assets and old profitable ways of doing things. Transience and obsolescence are assets in themselves. There are no long-term assets in business only short-term gains. The short-term gains come from breaking and destroying assets and not by building them. During corporate takeovers and restructurings getting rid of costly long term commitments like old and highly paid staff, liquidizing local investments and leaving a large number of old stakeholders in the lurch is common practice (Schleifer and Summers (1988)). Fragility of contracts, volatility of commitments and the temporariness of encounters and transactions appear to be rational solutions in the changing world. Today's business corporations have an in-built disorganization in them – the less solid and more fluid it is the better for its ability to change. Such organizations do not require people with a specific and solidly known set of skills and sensibilities, but rather people who change quickly and are well connected with similar kind of people – a network, not a society or community. As Bauman (2002: page 39) puts it: "Whatever 'totality' is imagined instead is composed solely of the mosaic of individual destinies, meeting in passing for a brief moment only, and solely in order to drift away again on their separate ways, with enhanced vigour, a moment later." This is the emerging *elan vital*of the new global capitalism. Progress does not have a destination. It is about the constancy of change of individual destinies like a gigantic kaleidoscope of networks and coalitions loosely held together. The new requirement of lightness, detachment, and speed where nothing is of long-term value makes the old classroom irrelevant. This is despite the new audio visual technologies and the internet. That is why there is a ceaseless attempt by management gurus to come up with new ways of imparting education – from experiential learning to role-playing to flipped classrooms.

There is a great deal of emphasis in teaching students the efficient management of time, resources, other people, and change. There is little emphasis on asking serious questions about one's own position on complex but fundamental questions like: Where do I stand in an economic system which promises indefinite growth in a finite world? What does it mean to be efficient if it leaves a colleague with a family of four redundant? What is progress if I do not have any personal time to pursue my own interests? What is prosperity if I am ultimately only an item of cost to my disembodied employer? Modern management education stays clear of these philosophical issues. In an era where change is often too rapid to track, a social neurosis afflicts most individuals. The contextualnature and plurality of change is important to appreciate. Instead, all change is oftenconveniently simplified into linear progression of ceaseless change.

Journeys and destinations

In any society, it is the academic institutions that can still provide the space and the possibility of raising critical questions however uncomfortable. Academic institutions are a forum where, unlike business and industry, freedom of expression is not discouraged. Further it offers a zone from where one can address wider public debates of importance. Since the financial crisis of 2008 business education in the western world has come under a fair bit of criticism from outside the academic world. As a result of which some introspection has begun in terms of what is taught, how it is taught, and what kind of ends are business schools trying to achieve. This is still in a nascent stage. For instance some schools are trying out courses on philosophy such as "Nobel Thinking" at the London Business School, or "Thinking about Thinking" at Bentley or "Why Capitalism?" at the Wake Forest University School of Business. Students are also being encouraged to write narrative essays which reflect their take on world changing thought ranging from Marx to Kant, from Hobbes to Nietzsche. The names of these scholars were at best unheard of in business schools, or at worst considered to be on the lunatic fringe even a few years ago. Such instances are rare in India. Radical and critical thought is considered irrelevant for management and hence, is seldom encouraged.

In conclusion, the path of management education in India has closely followed the western world, often without adequate analysis of needs and appropriateness. In the 1960s it began as a post-colonial project where managing business was differentiated from nation-building and socio-economic transformation. Even then, management was primarily the acquisition of a set of technical skills of project and people management. The world changed, the planning model of socialism collapsed, global capitalism took deeper roots and there was a resurgence of faith in markets and increasing suspicion of the state and its activities. Management became the acquisition of a new set of ephemeral skills that met the immediate needs of global firms with exclusive aims of unbounded growth in sales and profits. The dominant wisdom and knowledge was the reflection of the interests of the economically powerful.

Conformism has been the order of the day from USA to Europe and India.The overwhelming conventional wisdom was to seek efficient ways to handle capital and its rate of return. However, not everyone involved in management education conformed. There were exceptions reflected in the nature of courses offered and in the themes of research problems. It has often been argued, that academic institutions remain a last bastion of freedom of thought and expression from where social transformation can come about. It requires disruptive changes in curricula and cultures. One can discern signs of change in the western institutions. We emulate conservatism as well as revolutionary radicalism from the west. We will do it this time too. In the long haul though, there has to be a break from the past. Management education in India must be able to speak about new ideas, and not merely echo words heard elsewhere.

Management institutions have come a long way from the decade of the sixties. It has still a long way to go before it can instil positive freedoms which liberate the individual from unreflective conformity through self consciousness. Providing 'thought leadership' (the popular term used in business schools) must be somewhat deeper and more meaningful than being able to publish in the Harvard Business Review. Calvino (1997) wrote about the inferno we create by living together in the modern world of global business. There are two ways he suggested that one could deal with it. First is to become part of it and accept it. The second is to recognize who and what is not part of that inferno. It is these we need to endure and give space. Can we do it? I think we can. I hope it's not too late.

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