

# The way forward

Management education should help achieve economic and social transformation



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Three decades ago, the GDP of India was a little larger than that of China. Today, China is the second largest economy in the world, with a GDP that is more than four times that of India. And if it is indeed true (as is widely believed) that the yuan should be a much stronger currency, then China's GDP measured in US dollar would be even higher. This phenomenal difference in the economic performance of India and China, particularly in such a short span of time, should be a matter of grave concern for India.

Many would argue that the performance of a nation ought not to be judged merely in terms of growth rate and/or size of its GDP, but that it should also reflect the achievements of the nation in improving the lives of its people. Let us, therefore, compare India and China using the Human Development Index (HDI) that is measured and published by the United Nations Development Programme (UNDP). The 2009 Human Development Report ranks India at 134 and China at 92 in a sample of 182 nations on the basis of HDI (higher ranking represents poorer performance in terms of human development). While India's ranking has deteriorated over the last 10 years, China's has improved.

As its economy charts out a high growth path, India urgently needs to focus on its HR and the quality of life it offers. In addition to economic transformation, India needs social transformation. Management education would be central to achieving both by providing not only individuals who are adequately educated and trained to implement the process of change but also by providing the intellectual capability to frame appropriate strategies and policies at the macro and the micro level that would achieve the transformation.

What is the state of management education in the country today? India already has perhaps over 2,000 business schools and the number has been growing at an amazing pace. These schools are producing perhaps over 150,000 management graduates every year. In terms of numbers, the output is more than adequate to meet the needs of the nation. The issue, however, is the quality of education that is imparted in these schools. Absent effective checks on quality, a serious shortage has developed in the number of management graduates with adequate level of knowledge and skills needed by the country.

The response of the government has been to increase the competition by proposing to allow

foreign business schools to set up in the country (apropos the Foreign Universities Bill 2010) and proposed setting up of several new IIMs (a few have started functioning from the current academic year). Are these policy measures moving in the right direction? Or, are there other concomitant policy choices that must be made to improve the quality of management education?

Without adequate checks and balances in place to ensure quality, the sector has witnessed the entry of unscrupulous entrepreneurs whose sole purpose is commercial; they have little interest in ensuring quality of delivery. The proliferation of abysmally poor-quality management schools has been the outcome of this policy.

And given the ever-increasing demand for management education in the country, market forces cannot discipline poor quality service providers. Such capacity expansion through the flow of private capital that is accompanied with significant decline in the quality of education offered needs to stop. In fact, a process needs to be put in place to close down business schools that do not meet quality standards.

Unleashing competition by allowing foreign business schools to set up facilities in India is certainly welcome. However, certain steps concomitant with this liberalisation are necessary; strict vigilance on the calibre of foreign universities/institutions that are permitted to enter India. Else, the problems that have been created by indiscriminately permitting private domestic players to enter the education sector will be accentuated.

In addition, the government should accord comparable freedom from government controls to the premier domestic institutions such as IIMs (and IITs in the field of engineering). These institutions should be permitted to set their own policies and processes with the accountability to achieve global ranking in terms of their academic achievements. If not then they will meet the same fate as BSNL, MTNL, Indian Airlines and Air India.

The measures suggested, that of stricter control on the quality of management education offered (with a credible threat of closure of poor quality business schools) and according freedom from government controls to select management schools are absolutely necessary to ensure that management education progresses in the desired direction of being able to support the transformation of India. ♦

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