Revisiting MBA education in India

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ABSTRACT

MBA education completes 100 years of its existence and keeps on attracting students from various streams of study all over the world. It is still treated as a pass port to a lavish life for the aspirants. MBA programs are being offered through full-time, part-time, executive, and distance learning modes. Apart from admission tests, consistent academic performance, significant work experience, essays, references or letters of recommendation and personal interviews are some of the set procedures one must go through to get admission for the graduate program. In order to achieve class-diversity, business schools also consider male-female and local-international student ratios. Recently, well-known publications have started ranking selected MBA programs. But, often a school’s rank varies significantly across publications as the methodologies used for the ranking are found different among publications. Accrediting agencies have also come to existence, especially for MBA programs, to ensure consistency and quality. But, the glamour of business education has been eroding instead of going northwards in the market economic scenario. What exactly ails MBA education? How to get out of the shambles? This paper tries to analyze the evolution, development and reasons for the declining value of business education, and aims to come out with practical solutions for its revival.

Keywords: MBA education, Accreditation, quality and consistency, Program ranking, Access and Equity, Credibility of Business Education.

1. Introduction

The Master of Business Administration (M.B.A.) attracts people from a wide range of academic disciplines. The MBA designation was originated in the United States of America during the late 19th century as the country got industrialized and companies sought scientific approaches to managing their businesses.

The core courses in the MBA program are designed to introduce students to various areas of business such as accounting, finance, marketing, human resources, and operations management. Students in the MBA programs have the option for taking general business courses throughout the program. They can also select an area of focus which may be approximately one-fourth of the subject. Accrediting agencies came to existence, especially, for MBA programs to ensure consistency and quality of graduate business education. Business schools in many countries offer MBA programs being tailored for full-time, part-time, executive, and distance learning students.
1.1 History of MBA education

The first business school in the United States of America was the Tuck School of Business. It was founded in 1900. It was the first institution to confer master degrees in the commercial sciences. A Master of Science in Commerce degree was the forbearer of the modern MBA degree. In 1908, the Graduate School of Business Administration (GSBA) at the Harvard University was established. It offered the world's first MBA program. It was started with a faculty base of 15 and 33 regular students. 47 special students were also taken in the batch. The University of Chicago’s Booth School of Business was the first to offer the Executive MBA (EMBA) program to working professionals in 1943. EMBA was first available in permanent campuses in three continents (Chicago, London and Singapore). Today, this type of program is offered by most business schools. In 1946, Thunderbird School of Global Management was the first school to offer an MBA program focused on global management.

In 1950, the first MBA degrees awarded outside the United States were by the Richard Ivey School of Business at The University of Western Ontario in Canada. It was followed by the University of Pretoria in South Africa. In 1957, INSEAD became the first European business school to offer an MBA program. In 1986, the Roy E. Crummier Graduate School of Business at Rollins College (Florida) was the first MBA program to require every student to have a laptop computer. The MBA degree has been adopted by universities worldwide. This degree has been adopted and adapted by both developed and developing countries world over.

1.2 Admission criteria

Most programs worldwide base their admissions on the Graduate Management Admission Test (GMAT). Significant work experience, academic transcripts, essays, references or letters of recommendation and personal interviews are the set procedures one must go through to get admission for the graduate program. The Graduate Record Examination (GRE) is also accepted by some schools in lieu of the GMAT. Some of the business schools also express interest in extracurricular activities and community services. How a student can improve in the diversity and would be able to contribute to the student body is also watched. All of these qualifications can be important for admission. However, some schools do not weigh GMAT scores as heavily as other criteria. Many distance learning schools do not require the GMAT for their admission. In order to achieve class-diversity, business schools would also consider the target male-female and local-international student ratios. Depending on the program, type and length of work experience can become critical for many MBA programs. Many top-tier business programs would generally require five or more years of work experience for admission.

1.3 Program content

Most top MBA programs cover similar subjects within their core courses. MBA programs, as a rule, expose students to a variety of subjects which a student may choose to specialize in. Students traditionally study a wide range of courses in the program's first year. In the second year, they pursue a specialized curriculum. Full-time students typically seek an internship during the summer-break. Typical specializations include: accounting, economics, finance, human resource management, marketing, international business, operations management. Some institutes, mostly in India, have started offering specializations such as: rural management, banking and finance, insurance management, organizational
behavior, management science, project management, real estate management, entrepreneurship, healthcare management and strategy among others. Individuals choosing a specialized study such as real-estate management or healthcare management are well-suited for their respective industries. Other specialized programs outside India would include Master of Science in Finance, Master of Science in Supply-chain Management and Master of Science in Information Systems.

2. Accreditation

MBA programs or business schools running those programs may be accredited by external bodies. The accreditation provides students and employers with an independent view of a school’s quality, and would indicate that the school's educational curriculum meets specific quality standards. The three major accrediting bodies in the United States are Association to Advance Collegiate Schools of Business (AACSB), which accredits research universities; the Accreditation Council for Business Schools and Programs (ACBSP), which accredits universities and colleges, and the International Assembly for Collegiate Business Education (IACBE). All of these also accredit business schools outside the US. The AACSB, the ACBSP, and the IACBE are themselves recognized in the United States by the Council for Higher Education Accreditation (CHEA). MBA programs with specializations for students pursuing careers in healthcare management are also eligible for accreditation by the Commission on Accreditation of Healthcare Management Education (CAHME). In the United States, a college or university must be accredited as a whole before it is eligible to have its MBA program accredited. Bodies those accredit institutions as a whole include the Council for Higher Education Accreditation (CHEA), Middle States Association of Colleges and Schools (MSA), New England Association of Schools and Colleges (NEASCSC), Higher Learning Commission of North Central Association of Colleges and Schools (HLC), North-West commission on Colleges and Universities (NWCCU), Southern Association of Colleges and Schools (SACS), and Western Association Schools and Colleges (WASC). These are the other accrediting bodies in the United States of America.

Accrediting bodies outside the United States include the Association of MBAs (AMBA), a UK based organization. It gives accreditation to MBA, DBA and MBM programs worldwide. Government accreditation bodies such as the All India Council for Technical Education (AICTE) accredit MBA and PGDM programs across India through its accrediting body national board of accreditation (NBA). The Council on Higher Education (CHE) in South Africa, the European Quality Improvement System (EQUIS) for European countries and Asian schools, the Foundation for International Business Administration Accreditation (FIBAA) in Europe and South Asian quality system (SAQS) by Association of management development institutes of South Asia (AMDISA) or South-Asian countries are some of the known agencies outside the United States to emphasize quality assurance. University Grants Commission (UGC) of India plays an important role to accredit MBA (not PGDM) as well as other programs through its national assessment and accreditation council (NAAC) to improve quality output from Indian universities.

2.1 History of MBA education in Europe

In 1957, INSEAD became the first European university to offer the MBA degree. It was followed by ESADE in 1959 and ICADE in 1960. ICADE started offering a "Technical Seminary for Business Administration" in 1956. IESE (the first two-year program in Europe) in 1964 and UCD’s Smurfit Business School (in 1964) followed the suit. Manchester
Business School and London Business School came in 1965. The University of Dublin (Trinity College), the Rotterdam School of Management in 1966, the Cranfield School of Management in 1967 and the HEC School of Management (in French, the École des Hautes Études Commerciales) in 1969 and the Institut d’Études Politiques de Paris came to existence one after another. In 1972, a Swiss Business School, IMEDE (now IMD) began offering a full-time MBA program. In 1974, AGH University of Science and Technology in Cracow, Poland and in 1991, IEDC-Bled School of Management became the first schools in the ex-socialist block of the Central and Eastern Europe to offer MBA degree. Because of technology advancement, distance or online MBA programs emerged in Europe. Several business schools in the United Kingdom now offer distance MBA programs. In 2007, ESCEM became the first French Business School to offer distance and online MBA.

2.2 Bologna Accord

In Europe, the recent Bologna Accord established uniformity in three levels of higher education: Bachelor (three years), Masters (one or two years after three or four years for a Bachelor degree program), and Doctorate (an additional three or four years after a Master’s degree). A student can acquire professional experience after his initial bachelor degree at any European institution. Later, he can complete his master degree in any other European institution via the European Credit Transfer and Accumulation System.

2.3. Accreditation in Europe

Accreditation standards are not uniform in Europe. Some countries have legal requirements for accreditation (e.g. most German states). In some other, there is a legal requirement only for the universities of a certain type (e.g. Austria), and others have no accreditation law at all. Even where there is no legal requirement, many business schools are accredited by independent bodies voluntarily to ensure quality standards.

3. Business education in India

According to an Association of Indian Management School (AIMS) study, there are about 2500 business schools in India offering two year management programs. The students are a mix of fresh graduates without any work experience and people with significant work experience. Among those schools, the Indian Institutes of Management (IIM) are the oldest institutions for management education in India. They came to existence through an Act of the Parliament. Admission to any of the IIM requires passing Common Admission Test (CAT). However, other business schools require passing one of these all India admission tests like CAT, XAT*, GMAT, JMET*, MAT*, C-MAT*, ATMA* and state level joint entrance examinations. Apart from these entrance tests, a few business schools conduct their own aptitude tests for admission. The IIM and other autonomous business schools offer a post-graduate diploma in management (PGDM) or Post Graduate Programme in Management (PGPM). Those are recognized in India as equivalent to MBA degree if they got the clearance from the Association of Indian Universities (AIU). Government accrediting bodies such as NBA of the AICTE and NAAC of the UGC established that autonomous business schools can only offer the PGDM or PGPM. According to the stricture, a full post-graduate degree can be awarded only by a university as a two-year full-time program. The curriculum of the PGDM or PGPM and MBA degrees are equivalent. The MBA degree is examination oriented and concentrates on theoretical aspects of management; whereas the PGDM or PGPM is industry-oriented. PGDM and PGPM usually utilize the case method of instruction, and
mainly focus on building soft skills. However, a PGDM or PGPM holder cannot pursue PhD since they are not full post-graduates, but can pursue Fellowship programs instead, from many B-Schools. Non-government accredited one-year fast-track programs have proliferated in India, especially for candidates with work experience. Such programs are commonly known as Post Graduate Programme for Executives (PGPX or Ex PGP) in Business Management.

[<sup>[</sup>*Note: XAT: Xavier Admission Test; JMET: Joint Management Entrance Test; MAT: Management Aptitude Test; C-MAT: Common Management Admission Test; ATMA: AIMS Test for Management Admissions]<sup>]</sup>

### 3.1 Program rankings for Management Education around the world

As MBA programs proliferated over the period of time, differences in the quality of schools, faculty, and course offerings became evident. As a means of establishing criteria to assess quality among different MBA programs, a variety of publications began compiling program information for ranking quality. Different methods of varying validity were used. The *Gourman Report*, which ran from 1967 till 1997, did not disclose criteria or ranking methods. These reports were criticized for reporting statistically impossible data, such as no ties among schools, narrow gaps in scores with no variation in gap widths, and ranks of nonexistent departments. In 1977, *The Carter Report* published rankings of MBA programs based on the number of academic articles published by the faculty members. Also in 1977, the *Ladd & Lipset Survey* relied on opinion surveys of business school faculty as the basis for rankings. *MBA Magazine* ranked B-Schools based on votes cast by business school deans (Schatz and Roy 1993).

Most recently, well-known publications such as the *US News and World Report, Business Week, Financial Times, the Economist* and the *Wall Street Journal* published rankings of selected MBA programs. Often a school’s rank would vary significantly across publications as the methodologies used for the ranking were found different among publications. The *U.S. News & World Report* ranking incorporated responses from deans, program directors, and senior faculty members about the academic quality of their programs along with the opinions of hiring professionals. The ranking was calculated on a weighted formula of quality assessment (40%), placement success (35%), and student selectivity (25%) [Business Methodology, 2007]. The *Business Week* rankings were based on student surveys, survey from corporate recruiters, and compiling intellectual capital rating [MBA Rankings: Updated October 2006]. The *Financial Times* incorporates criteria including survey responses from alumni who graduated three years prior to the ranking. Information from the business schools would be incorporated to arrive at the figure. Salary and employment statistics were also weighted heavily (Milton, 2007). Rankings by the Economist Intelligence Unit and reports published in *The Economist* result from the surveys administered to business schools (80%), to students and recent graduates (20%). Ranking criteria included GMAT scores, employment and salary statistics, class options, and student body demographics. Although the *Wall Street Journal* stopped ranking full time MBA programs in 2007, its rankings were based on skill and behavioral development that should lend to career success. Social skills, teamwork orientation, ethics, and analytic and problem-solving abilities were being considered for this purpose.

Other rankings based their methodologies on attributes other than standardized test scores, salary of graduates, and recruiter opinions. The *Beyond Grey Pinstripes* ranking, published by the Aspen Institute, was based on the integration of social and environmental stewardship into university curriculum as well as faculty research. Rankings were calculated on the
amount of sustainability coursework made available to the students (20%); amount of student exposure to relevant material (25%), amount of coursework focused on stewardship by for-profit corporations (30%), and relevant faculty research (25%). The 2011 survey included data from 150 universities (Samuelson, 2011). The QS Global 200 Business Schools Report compiled regional rankings of business schools around the world. Ranks were calculated using a two year moving average of points assigned by employers who hired MBA graduates. Since 2005, the UT-Dallas Top 100 Business School Research Rankings ranked business schools on the research works faculty published. It was unlike The Carter Report of the past (Mahajan, 2011).

3.2 Program ranking in India

In India, the ranking of Business Schools are based on infrastructure, industry inter-face, intellectual capital including faculty publication and B-School governance. Some publications consider perceptions of the industry, perception of students, quality of placement with salary details and infrastructure. Journals like Indian Management, Outlook, Competition Success Review and Business World generally go for ranking business programs and the schools running those.

The ranking of the MBA programs had been discussed in articles as well as on academic Web sites. Critics of ranking methodologies maintain that any published rankings should be viewed with caution for the following reasons:

- Rankings limit the population size to a small number of MBA programs. It ignores the majority of schools having excellent offerings;
- The ranking methods may be subject to biases. They might be using statistically flawed methodologies (especially for methods relying on subjective interviews of hiring managers);
- The same list of well-known schools appears in each ranking with some variation in ranks. A school ranked as number 1 in one list would probably be number 17 in another list;
- Rankings tend to concentrate on the school itself. But, some schools offer MBA programs of different qualities (e.g. a school may use highly reputed faculty to teach a daytime program, and use adjunct faculty in its evening program);
- A high rank in a national publication tends to become a self-fulfilling prophecy;
- Some leading business schools including Harvard, INSEAD and Wharton provide limited cooperation with certain ranking publications due to their perception that rankings are misused (Daniel, 2004).

One international study found that objectively ranking MBA programs by a combination of graduates' starting salaries and average student GMAT score can reasonably duplicate the top 20 list of the national publications (Martin and Roy, 1993). The study concluded that a truly objective ranking would be individualized to the needs of each prospective student. National publications have recognized the value of rankings against different criteria, and now offer lists ranked different ways: by salary, GMAT score of students and selectivity. Other publications have produced “rankings of the rankings”, which coalesce and summarize the findings of multiple independent rankings (Milton, 2007; Byrne, 2011) While useful, these rankings are not tailored to individual needs. They use an incomplete population of schools, may fail to distinguish between different MBA program types offered by each school, or rely on subjective interviews.
4. Conclusion and suggestions

In India, the development of higher education has been accorded priority as the society becomes increasingly knowledge-based. Its progress has become essential to educate and train responsible and enlightened citizens as well as qualified specialists for the overall progress of the society. The renewal of higher education has also become critical to face the challenges of the twenty first century that arise from knowledge-based, global competitiveness. The limitations of access and equity, content quality, relevance of the program and resource crunch need to be discussed for arriving at some decision points for improving quality of business programs. Some of the following actions may help ensure quality in business education:

1. Training and research in MBA program should commensurate with the requirements for ensuring quality. Student enrolment has become lopsided with rapid expansion of business programs. With entry of private players in the field of technical education has made it more acute;
2. Accreditting bodies from across the world may accredit the program of a B-School but those accrediting bodies, first of all, must be recognized by the AICTE and the UGC;
3. Foreign players and big businesses may come to the education field, but they must ensure that their syllabi are at least as good or better than those approved by the AICTE and the UGC;
4. The fee-structure may be regulated so that it would not be unfavorable to the first generation learners, socially disadvantaged groups, women and other back-ward sections of the society;
5. Selection of students may be done through one or two all India level tests. Those tests must contain tests of aptitude for management education. Apart from scoring 50 per cent marks in each of the examinations from 10th to the bachelor degree level, a student must score at least 50 per cent marks in the tests to be eligible for getting admission;
6. The number of MBA programs must be made limited. A general MBA with four or five specialization types such as Marketing, Finance, Human Resources and Operations may be considered. A project on a particular industry may make a student eligible for the job in that industry;
7. Student attendance must be made compulsory and centralized. Electronic devices may be used for both faculty and students to ensure their presence in the classes;
8. In order to maintain parity amongst the passing out students, an all India test of competence may be made compulsory to rank the students for being eligible for various jobs in government as well as private sector units; and
9. MBA may be treated as a professional degree on par with chartered accountants, cost accountants, doctors, lawyers and company secretaries.
10. These apart, a standard salary structure in the line of minimum wage may be implemented for MBA. This would not only ensure good inputs for MBA education but also would help this stream of trained manpower flourish in the globalized market economy.

5. References


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