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EMPLOYABILITY OF MBA GRADUATES AND FUTURE OF MANAGEMENT EDUCATION IN INDIA

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ABSTRACT

During the last two decades, Indian business has witnessed unprecedented change, partly under pressure of globalization of economies, largely because of the policy shift from regulation to de-regulation, from state control to private initiative, from domestic focus to global focus. It has caused business schools to look at the international business, and focuses on producing graduates by global mindsets and to develop links with schools overseas. Hence, B-schools have a challenging task to enhance employability of their students, promote research and earn recognition based on a global quality assurance and accreditation system. The quality assurance that is leading to accreditation, is the hallmark of a school which meets global standard and commits to sustained growth. This research article discusses the changing dimension of MBA curriculum and the impact of globalization on management education. It also focuses on the poor employability of management graduates and the need and strategies for enhancing their employability skills. Further, it also throws light on the future of management education in India.

Key Words: Curriculum, Globalization, Employability Skills, Knowledge Economy, Pedagogy, Quality Assurance and Specialization.

INTRODUCTION

1. Changing Dimension of MBA Curriculum

During the decades of sixties and seventies, MBA curriculum was almost uniform across the country. There were required courses in the areas of Accounting and Finance, Marketing, Production, Personnel and Industrial Relations, Organizational Behaviour, MIS and Business policy. These courses were offered in the first year which was structured around two semesters. In the second year, the students were offered electives in a few of the functional

areas of management. Many schools used traditional pedagogy, the lecture method; some used management case as the major teaching method; others used eclectic approach including lectures, case studies, simulations, group discussion, presentations, etc.,

In the decade of eighties, MBAs started making impact in the corporations they served. They were recognized for their analytical mind, non-conventional thinking and refreshing perspective. However, the criticism did not abate. Multinationals focused on the competencies of their managers. This reflected in their recruitment practices and compensation sanctioned. Hence, the bright candidates sought MBA programs. MBA education was criticized for it being primarily oriented to business particularly FMCG, private sector and multinationals. MBA hardly reached public sector, manufacturing and hard core industries, much less in service industries such as banking, tourism etc, and none in non-profit organizations related to education, health etc. However, the last two decades witnessed emergence of specialized MBA programs in Agriculture Management, Rural Management, Bank Management, Forestry Management, Health Management, Tourism management, Energy Management, Sports Management, Media Management etc.,

2. IMPACT OF GLOBALIZATION ON MANAGEMENT EDUCATION

During the last two decades, Indian business has witnessed unprecedented change, partly under pressure of globalization of economies, largely because of the policy shift from regulation to de-regulation, from state control to private initiative, from domestic focus to global focus. Globalization made us aware that in today's world, economy has to be truly global and national borders have become less important than in the past. It has caused business schools to look at the international business, which focuses on producing graduates with the global mindsets and to develop links with schools overseas. Emergence of disruptive technology, advances in computer technology, communication platforms and internet have direct impact on management education. IT education has become a part of management education. Internet is becoming a valuable aid to sourcing information. New learning platforms have given rise to more effective teaching pedagogy by integrating audio, video and web-based education, moving towards e-learning.

The knowledge economy has brought to the forefront the importance of human capital. There is growing recognition that people skills are becoming paramount in management education.

Leadership, team work, entrepreneurship, risk taking, the conflict management, service orientation, the attitude and motivation, and change in mindset are emerging as center piece of curriculum for imparting effective management education in this fast changing world. Changing business landscape has resulted in a major shift from manufacturing to service economy. Considering the demand for MBA program and willingness to pay market driven course fees, management education has made rapid stride through private initiative in India.

3. EMPLOYABILITY OF MANAGEMENT GRADUATES IN INDIA

According to a **NASSCOM-McKinsey** Report (2014), only 10-15% management graduates and 26% engineers are employable today. An Associated Chambers of Commerce and Industry of India (**ASSOCHAM**) survey (2012) reported that only 10 percent out of total Master of Business Administration (MBA) graduates are from Indian B-schools get a job right after completing their course. All India Council for Technical Education (**AICTE**) reported that out of 3, 54,421 students enrolled for MBA in 3,364 institutions throughout the country in 2014. Today, the requirement of managerial candidates in the Indian market is between 35,000 and 40,000 every year.

According to a report published by **Silicon India** on January 20, 2015, half of the MBA students who are considered as unemployable lack knowledge of the key industry terms related to their specialized areas. On other hand, one third of the students are weak in basic English grammar and communication skills. Except for few major business schools, most of the management institutes do not test the verbal and written skills of their students. This process hampers the graduates later on in life. Those candidates who lack an in-depth knowledge and understanding of their specialized areas cannot succeed in their race to reach the top.

Currently the number of graduate talent in the country is rising at big scale, while the average quality of talent coming out from those colleges is dropping. The focus should thus increasingly be on improvement of quality of talent which is being produced in the country each year. This is needed to be considered seriously, failing which we would soon be facing a challenge where educational qualifications would lose their credibility.

3.1. Reasons for Poor Employability

Experts have expressed various reasons featuring to pitiable employability ranging from K12 education, selection procedure in our graduate colleges, curriculum and quality of teaching, student interest, lack of global skills, excess supply and lack of corporate involvement. Unfortunately, most of these reasons have some part to play in this huge challenge. Our approach could have been to create a system for identifying employability gaps and providing constructive feedback at individual, institutional, regional or national levels. This will definitely help the B- Schools to bridge the employability gaps of their students in a constructive manner.

- **Lack of Problem Solving Skills**

In a rush to match up to the best industry standards for placements, the business schools ignore one of the essential elements in their curriculum - the need for imparting practical knowledge and enhancing the problem solving skills of the MBA students. Especially the founders of Tier-II and Tier-III B-schools have paid the least attention to developing an inclusive pedagogy. Instead of engaging students in brainstorming sessions and fieldwork, these institutes focus only on imparting theoretical knowledge. They often solve case studies mentioned in text books. The lack of practical experience of these graduates, especially in problem solving and crisis management, makes them less confident while facing placement interviews.

3.2. Strategies for Enhancing Employability Skills

Broadly speaking, employers look at a combination of aptitude, communication, personality and domain skills in selecting the right candidates for various positions in their organizations. The detailed fine-tuning happens based on the job role, responsibility and the type of industry they are recruiting for. Core domain skill requirements vary from industry to industry, whereas aptitude, language and personality skills requirements differ from role to role. For example, the IT industry looks for knowledge in domains such as computer programming, testing and infrastructure, while the Banking, Financial Services and Insurance (BFSI) industry focuses more on accounting and sales know-how.

- **Structured Assessment and Guidance**

It is imperative for students these days to understand and realize the structural gaps in their curriculum and also their personal inefficiencies. Students have to understand the significance of structured assessments and appropriate guidance to move in the right career path. Only those students who know their strengths and areas of improvement can move in the right direction to enhance their employability potentials.

- **Focus on Soft Skills**

It is also important that management schools focus on improving the students' proficiency in English. Soft skills (communication, leadership, team-working, interpersonal, emotional intelligence) need attention through class exercises and interactive activities such as group discussions, seminars, debates, games etc. The demand is strong in India and worldwide for graduates who have the potential to assume leadership positions in the field of international business.

- **Balancing Theoretical Knowledge and Business Skills**

Like many MBA schools in the US, that are adopting many innovative approaches, business schools in India have to strike a fine balance between theoretical knowledge and business skills. For instance, Duke Business School has incorporated in its curriculum, the comprehensive study of a region's business, local businesses and entrepreneurs, government agencies and other business organizations in that region. If such innovative curriculum is implemented in India, the learning will be both stimulating and challenging for these young business graduates. Srikantan Moorthy, Senior Vice-President of Infosys, in a job fair in 2014, laid stress on the importance of technical skills. Mukherjee, head of the equity division at Mumbai financial services recommended including industry specific skills and vocational training in the Indian management institutes.

- **Need for Extensive Specialization**

One of the major drawbacks of MBA and other management institutes, which is very badly affecting the students' competitiveness in the job market, is the devotion to the traditional

system of specializing in any of the three streams: Finance, Marketing and HR. This system of specialization is blinding the students from the need for more extensive specialization in fields, which were hitherto unknown. The rising demands in MBA today are in the healthcare, tourism and hospitality, legal analytic, retail, IT services and entertainment sectors. While these sectors may broadly figure in either of the above specializations, there is need today to extensively focus on specialist programs to enable a student to specialize in one particular field he/she is most interested in. Such in-depth specializations will expose the students to bigger brands and fatter pay cheques, as employers today look out for candidates who excel in all aspects of one particular function, and not for a candidate who is Jack of all trades, master of none.

- **Change in the Attitude of MBA Students**

In order to bring about all of the above, the underlying measure is an essential modification in the attitude of MBA students and management graduates. On the basis of experience, it can be said that most MBA students in the lower-rank business schools become unreceptive to newer methods of teaching and curriculum. Since the MBA students and families have to usually fund for themselves, they are in a hurry to complete the program at the earliest and grab a job. In this scramble, most MBA graduates do not pay heed to classes, course requirements including examinations. But there are always some exceptions to this. Students in these business schools, who are our future bankers and analysts, entrepreneurs, must change their move toward this course.

4. FUTURE OF MANAGEMENT EDUCATION IN INDIA

The future of the management education story in India may look undecided with varying reports. As per the Associated Chambers of Commerce and Industry of India (ASSOCHAM) report in 2013 titled "B-schools and Engineering colleges shut down and faced very big Business Struggles", during the period of 2009 - 2012 recruitment at management schools had decreased by 40%. Further more than 180 B-schools have already closed down in 2012 in major cities and another 160 management institutes were on the verge of closure. On the contrary, the QS TopMBA.com Jobs & Salary Trends Report 2012 - 2013 reveals that the demand for MBA program continues to grow rapidly in Asian countries such as China and India for the MBA degree is gaining acceptance by employers especially in consulting and

professional services, manufacturing, IT, and financial services sectors. In fact, the volume of reported MBA jobs for fresh graduates is more in India than in USA

Table 1: Country-wise projected growth in demand for MBA

Rank 2013	Rank 2012	Country	Growth 2013/12 %
1	1	India	29%
2	2	United States	2%
3	5	China	35%
4	3	United Kingdom	4%
5	4	South Korea	20%
6	6	Mexico	8%
7	7	Argentina	10%
8	8	Brazil	16%
9	10	Japan	17%
10	9	Germany	1%

Source: QS Top MBA Jobs and Salary Trends Report 2012-13.

According to AICTE report, the number of management institutions has sharply risen from 2,614 in 2006-07 to 3,364 in 2013-14. While quantity has improved, the government and AICTE have been compromising on quality. Institutes have been given approval without inspection and verification of basic mandatory requirements such as infrastructure, faculty and other amenities. There is a lack of quality control, and reports of increased MBA job competition. As a result, after spending thousands on business education, many MBA graduates are struggling to find proper placement.

India is the third biggest GMAT taking region in the world. In fact, India is now home to more than a third of all B-schools in the world. These figures are deceptive, however. They fail to account for quality of institution. There is a sharp decline in the quality of education beyond the top institutes. The U.S has more than 50; the UK has more than 10. The **Graduate Management Admissions Council (GMAC)** survey report (2014) indicates that

applications to MBA schools in the Asia-Pacific region are decreased by 33 percent in 2013 compared to 2012.

The demand will be declined for conventionally mundane management education. While, the education that prepares students to work in various business areas such as manufacturing, IT, financial services, tourism, hotel management, entertainment and sport areas, media and so on are very much in demand. Several business schools in India do not have fully qualified and experienced faculty who can teach both the core courses and electives and bring to the classrooms vast real world experience. They also fail to bring in qualified working professionals from well managed companies to share their practical experience with the students. Consequently, the job order statistics is not applicable to all areas equally. Management education is becoming global in this increasingly multinational business environment. Students have to spend some time to understand the diverse work cultures and successful business practices followed in several countries. It is also desirable that they can learn at least one foreign language.

The job market competition is enhanced by the proliferation of private schools in India. The huge enrolment numbers make sense for a country with such a huge population. It is also easier that getting admission into many MBA programs specially in India; there is less work experience is required in comparison to the West. Students from top B- Schools have a lucrative job market. But the competition is intense for the students from other management institutes especially in the semi-urban and rural areas to find a suitable job. Why so many students in India scramble to get into MBA programs, despite no job assurance? The answer can be found in the country's economic growth. India is an emerging economy with healthy economic expansion in the Information Technology, Automobile, Banking, Insurance and FMCG sectors, to name a few. Hence, the requirement for jobs is fairly MBA heavy. Many European countries and Japan are facing a slowdown. India could probably help supply managers to these countries.

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