CHAPTER I

INTRODUCTION

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1.1 Introduction

‘Education means an all round drawing out of the best in the child- body, mind and spirit’ Stress should be laid on principles of co-operative activity, planning, accuracy, initiative and individual responsibility in learning

-Mahatma Gandhi
(Rajput, 2000)\textsuperscript{1}

India has witnessed immense augmentation in the higher education sector due to the demand for skilled workforce and growing service industries. Between 2001 and 2008 the number of universities has grown at a Compound Annual Growth Rate (CAGR) of 6.6%, higher education institutions have increased at a CAGR of 9.2%. Student enrollment has risen in higher education institutions at a CAGR of around 5% from 2000-01 to 2007-08. The Gross Enrollment Ratio (GER) at 11% (of the proportion of population below 25 years of age) is low compared to both developed and developing economies (Ernst and Young, 2008\textsuperscript{2})

In higher education, business education has seen a tremendous growth in the last decade. The first business program was started in 1954 by the Indian Institute of Social Welfare and Business Management in Calcutta. There were 135 B-Schools in 1985, 712 B-Schools in September 2000 (Prasad, 2006\textsuperscript{3}) and 1761 B-Schools in 2007 (National Knowledge Commission Report, 2007\textsuperscript{4}). Today industry estimates suggest that there are more than 1800 B-Schools in India.

Managing educational institutions specifically B-Schools, has become more complex because of changing environmental factors. MBA education is facing the same challenges as business. Globalization has influenced and changed businesses and their functioning in India. Education sector, specifically MBA education will see paradigm shifts in all areas of teaching and learning.
The spurt in B-Schools has raised serious concerns over the kind of output that would be churned out. The specific issues are dearth of quality faculty, infrastructure and funding. The major concerns are curriculum, research and development, problems associated with going global and lack of well-trained faculty (Guha and Nikhil, 2006). 

B-Schools are facing varied challenges, encompassing marketing of the institutions to students for admissions and recruiters for placements, managing internal operations, recruitment and motivation of human resources.

Other issues are sophisticated financial and cash flow-planning, co-ordination with regulatory authorities like All India Council for Technical Education, University Grants Commission, National Assessment and Accreditation Council etc.

If an institution wants to build a long-term future, consistent improvement of quality is essential. Quality needs monitoring in various aspects of managing a B-School. Quality in faculty, infrastructure, active learning time, tests, gradation scores and quality of employment.

Educational institutions are also subject to vagaries of market forces- to stiff competition, demanding students and corporate. As India has signed the General Agreement on Trade in Services [GATS], including higher education, there will be tough competition from international universities when all four modes of supply become functional under GATS (Somiah, 2006).

There are various beneficiaries of a B-School- students, recruiters, society, nation, professions and parents. The role of faculty and brand equity of the B-School is important. Managing brand equity is complicated because of the needs of diverse stakeholders of a B-School. A brand can mean many things to one person and nothing at all to another. A brand is the creator of images in the mind of the customer. The customers in the education industry are primarily students and the corporate world. Therefore, brand equity has to be built and maintained for both these stakeholders. High
brand equity attracts skilled faculty and staff.

The following features-characterize the education industry, as a services industry (Kotler, 2002):

1. INTANGIBILITY - Education cannot be seen, touched, heard or felt, before enrolling, it has to be experienced.
2. INSEPARABILITY - There is immediate consumption of the service (education) provided.
3. VARIABILITY - The quality of service varies, depending upon who provides it and changes in the market environment.
4. PERISHABILITY - Education provided last semester/year cannot be stored for consumption next semester/year.

Managing services is tougher and more rigorous than managing a tangible product, successfully managing educational services every year is more demanding as many stakeholders have to be satisfied. According to literature review, the following are the important stakeholders of a B-School.

**Students**: The students are prime beneficiaries of the service. Placement assumes paramount significance today for any graduate/postgraduate student of any discipline like engineering, medicine, management, hotel management, biotechnology etc.

**Faculty**: Faculty is the unseen force behind the quality of service provided by the institution. The quality of students, who graduate from the institution, is largely influenced by the talent and commitment of the faculty.

**Recruiters**: The task of the educational institution is to reduce the gap between academics and essential market skills (technical, analytical, conceptual, life skills etc) and ensure that the fit between students’ skills and industry requirements is perfect.
Parents: Parents are indirect beneficiaries of this service, In India most of the time they are actual buyers (they pay for the education either partly or fully).

Society: The standards for social responsibility are probably the highest for an educational institution, as the task is to, not only provide skilled, global manpower but also a well-rounded personality (of the student) who can meet society’s expectations (moral, ethical, legal, social, environmental etc)

Measuring quality in a B-School is a complicated process as there are multiple stakeholders with different expectations. There are multiple processes, which have to be measured such as teaching-learning, industry interaction, extracurricular activities, admissions process, research and development, placements etc.

Quality is measured rigorously in the business world be it a product or service but literature review indicates that there are no concrete measures to check quality in educational services like B-Schools. The literature survey indicates that no authoritative, comprehensive and integrated study, has so far, been made on the quality of management education in India in general and Karnataka in particular. Management education in India has been studied from other perspectives but not from the quality perspective. Therefore, there is an increasing need to develop a comprehensive measurement tool to measure quality of education in a B-School in the current scenario where in the state has witnessed a sudden growth in the number of B-Schools. There are a few pertinent questions to be answered

- Who is the customer of the B-School?
- Can a student be treated as the customer of the B-School?
- What is the role of faculty, corporate, top management and society?

As there is no clear-cut definition of student, there is a need to address these issues at conceptual as well as empirical levels.
1.2 Statement of the Problem

B-Schools require planned efforts to build and sustain quality, efforts which focus not only on increasing admissions but building overall quality. There is a need to analyze in depth the relationship between the stakeholders’ expectations quality practices adopted by the B-Schools. The quality practices of the B-School has to be researched in depth. There is also a need to understand the influence of brand equity on the quality of a B-School.

Hence, the present study titled ‘Quality of Management Education in India (A Case Study of B-Schools in Karnataka State)’ would be both useful and relevant to analyze the factors affecting quality in B-Schools and recommend suggestions with a model to measure quality in a B-School.

1.3 Need for the Study

Management education has emerged as a dominant economic factor in India, especially in Karnataka. The number of B-Schools is steadily increasing with the entry of leading private institutes from India and abroad.

This growth in management education can be attributed to the tremendous growth witnessed in the state in sectors such as information technology, business process outsourcing, bio-technology, retail, banking and financial services, clinical research etc.

There is heightened competition among the existing B-Schools of India and more B-Schools are joining the foray (Private Universities, Autonomous B-Schools and Foreign Universities). Managing a B-School effectively in the changing scenario calls for a planned, organized approach, which can be provided by extensively studying the variables influencing, the quality of a B-School and addressing the needs of the stakeholders involved. A model is required to measure quality of education, considering
the different stakeholders and to bridge the gap between perceived quality of service (measured in terms of stakeholder satisfaction) and actual service delivery. Brand building activities could serve as a key differential to distinguish one B-School from another. The study proposes to suggest a tool to measure quality of education imparted in a B-School. The study analyzes the role of branding activities in building quality of B-Schools.

1.4 Objectives of the Study

The study is designed with the major objective of understanding the relevance of quality management in B-Schools. The study in general aims to find out the factors, which influence the quality of a B-School. The following are the specific objectives of the study:

O1. To understand, analyze and evaluate the existing quality practices at B-Schools.
O2. To find out the determinants of quality in a B-School.
O3. To identify gaps (if any) in the current quality practices of B-Schools.
O4. To determine the students’ expectations of quality from B-Schools.
O5. To find out the faculty members expectations of quality from B-Schools.
O6. To elucidate the recruiters expectations of quality from B-Schools
O7. To propose a model of quality measurement in B-Schools based on the literature survey and empirical findings from the study.
O8. To offer suggestions for creating a good B-School brand based on the findings of the study.

1.5 Hypotheses for the Study

Based on extensive literature survey from international and Indian journals, books on management education in India and the depth interviews with academic professors, the following hypotheses were formulated and put to test in order to achieve the objectives of the study:
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H1. The quality of management education is dependent on the quality of students enrolled in the B-School.
H2. Top management philosophy determines the quality of a B-School.
H3. Adopting quality in processes, builds the quality of a B-School.
H4. Placement record is the most important attribute of quality of a B-School for students.
H5. Alignment of personal and organizational goals is the most important attribute of quality of a B-School for faculty.
H6. “Skill sets” of students is the most important attribute of quality of a B-School for recruiters.
H7. The brand equity predicts the perception of quality of a B-School.

1.6 Scope of the Study

An attempt is made in this study to examine the existing quality practices in B-Schools. The aim is to understand the factors that influence the quality of education in a B-School.

The empirical data gathered from the sample units is used to suggest methods and practices to B-Schools to develop the quality of education provided. The study also aims to present a model to measure quality of education in a B-School.

The study is confined to B-Schools in Karnataka. The term “B-School” as used in this study restricts itself to management colleges providing two-year full time MBA programmes. It does not include one-year programmes, certificate courses, part time courses, evening programmes and executive MBA programmes. The study does not include specialized programmes such as courses in retail management, international business, financial services etc. The study includes colleges approved by the AICTE in Karnataka (AICTE College list, 2004-2005)
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The students, faculty, recruiting companies (recruiting from B-Schools) and heads of departments of B-Schools in Karnataka are included in the sample. Three major types of colleges exist in the state from which the sample is drawn; they are University Departments, Private Colleges Affiliated to Universities and Autonomous B-Schools.

The study will empirically demonstrate the perceptions and expectations of quality from major stakeholders of selected B-Schools i.e. - students, faculty, recruiting companies and heads of departments in B-Schools. The primary data collected and analyzed in the study refers to responses received through structured questionnaires administered on students, faculty, recruitment executives in companies and heads of departments of B-Schools in Karnataka. Companies and consultancy agencies who recruit students from B-Schools in Karnataka have been included in the study. The study will be useful for top management of B-Schools, for MBA aspirants and for the recruiting companies.

1.7  Research Methodology

Three sets of questionnaires were designed to collect data from three different stakeholders: Students, faculty and recruiters. A structured interview was administered to heads of departments of B-Schools. All the questionnaires were pre-tested with a sample size of thirty for the pilot survey.

Primary data was collected over a period of twelve months starting from February 2007 to February 2008. The researcher administered questionnaires to students, faculty and heads of departments of B-Schools personally. Questionnaires for recruiting companies were administered personally and through e-mail. The analysis is both conceptual and descriptive.

Questionnaire for Students: A 92 item seven point Likert type questionnaire was used (1= SDA and 7=SA). The perceptions of quality were measured in 07
constructs (78 items): Top management philosophy, external environment, actors and resources, processes (teaching-learning, faculty development and partnerships), students’ results, brand equity, and stakeholder satisfaction (all independent variables). A 14-item construct was developed for overall quality (the dependent variable).

The items were drawn from previous empirical studies: Rosa, Saraiva and Diz (2001) and Sahney et al (2006), conceptual papers: Laha (2002) and Rao (2006), interviews with senior professors and three focus group studies with students from three types of B-Schools (to include the variables suitable to the current Indian B-School context). Data was collected through personal interview.

**Questionnaire for Faculty**: A 48 item five point Likert type questionnaire was used (1= SDA and 5=SA). 24 statements measured expectations of quality and 24 measured perceptions of quality. The items were drawn from conceptual papers and interviews with faculty from three types of B-Schools. Data was collected through personal interview and e-mail.

**Questionnaire for Recruiters**: A 34 item five point Likert type questionnaire was used (1= SDA and 5=SA). 17 statements measured expectations of quality and 17 measured perceptions of quality. The items were drawn from conceptual papers: Hasan et al (1993) and interviews with recruitment managers. Data was collected through personal interview and e-mail.

**Instrument for Department heads of B-Schools in Karnataka**: A structured interview with 9 B-School heads of departments (three from each type of B-School) was conducted, opinions regarding the 09 constructs of B-School quality were discussed.

**Sample and Sample size**: The Sample was drawn from four different sampling units from B-Schools in Karnataka: Students, faculty, recruiting companies (human resource executives and line managers in companies) and heads of departments.
The distribution of student sample is as follows:

<table>
<thead>
<tr>
<th>Type of B-School</th>
<th>Total Number of Students</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous</td>
<td>450</td>
<td>186</td>
</tr>
<tr>
<td>Private Colleges Affiliated to Universities</td>
<td>4830</td>
<td>199</td>
</tr>
<tr>
<td>University Departments</td>
<td>400</td>
<td>183</td>
</tr>
<tr>
<td>Total</td>
<td>5680</td>
<td>568 (10 percent)</td>
</tr>
</tbody>
</table>

The faculty sample is as follows:

<table>
<thead>
<tr>
<th>Total Number of Faculty</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1400</td>
<td>140 (10 percent)</td>
</tr>
</tbody>
</table>

The recruiters’ sample is as follows:

<table>
<thead>
<tr>
<th>Total Number of Recruiting Companies</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>190 (10 percent)</td>
</tr>
</tbody>
</table>

The sample of department heads of B-Schools:

The sample includes department heads, directors of B-Schools and senior faculty. Nine heads of departments were personally interviewed using structured interview. Three heads of departments were interviewed from each type of B-School. University Departments, Private Colleges Affiliated to Universities and Autonomous B-Schools.
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Note:

- The list of MBA institutions in Karnataka is taken from AICTE website for the year 2004-2005. Students and faculty of approved institutions only have been included in the sample.
- Non-probability judgment sampling was used, proper care was taken to ensure adequate representation of sample from different types of B-Schools.
- All the samples were tested for normality by applying Kolmogorov Smirov Z test, the sig = .000, < .05, which indicates that the sample distributions are normal.
- The sample size has to be above 400 for applying statistical techniques such as discriminant analysis (Hair et al, 2006), here discriminant analysis is applied to analyze sample collected from students of B-Schools. The sample size of student sample is 568.

  **Statistical tools used:** Demographic data is analyzed using **Chi square test** wherever applicable. The statistical tools used for classifying B-Schools based on student perceptions are **Cluster analysis** and **Discriminant analysis**. **Comparison of means** and **Tukey’s post hoc test** are used to find out B-Schools of highest quality. For the analysis of faculty and recruiters perceptions and expectations, **Paired ‘t’ test**, **Exploratory Factor analysis** and **Means comparison** are used. Hypothesis testing is done using **Regression** and **One sample ‘t’ test**.

1.8 Thesis Outline

The treatise has been divided into seven major chapters. The details of the layout are as follows:

1. **Introduction**

   This chapter gives the basic framework of the study and presents the technical details of the study report. It includes need for the study, objectives and hypotheses of the study. It has a detailed section on research methodology adopted along with the limitations of the study.
2. **Management Education: An Overview**
   
   In the second chapter an attempt is made to understand management education from a global, Indian and regional perspective. A historical review and status of management education in the country and state are discussed in this chapter.

3. **Literature Review on Management Education**
   
   In this chapter, various research papers published in national and international journals and articles have been reviewed from a conceptual perspective. The various gaps existing in the literature have been identified to find out the necessity of the present study. Starting with the conceptual analysis of quality in higher education, the chapter reviews some of the pioneer works, which have a great bearing on the present study.

4. **Demographic profile of Respondents: Students, Faculty, Recruiting Companies and Heads of Departments of B-Schools**
   
   This chapter presents the demographic profile of management education in Karnataka. This chapter attempts to analyze the four types of respondents: students profile, faculty profile, recruiting companies’ profile and heads of departments of B-Schools.

5. **Data Analysis and Interpretation**
   
   This chapter deals with the analysis of the field surveys undertaken for this study. The analysis is presented in four sections: The first section deals with the perceptions and expectations of students of B-Schools, the second section deals with perceptions and expectations of faculty of B-Schools. The third section deals with the perceptions and expectations of recruiting companies and the fourth section deals with the responses recorded from structured interview with heads of departments of B-Schools.
6. **Summary of Findings**

This chapter presents the observations made by the researcher based on the analysis and interpretation of data collected through questionnaire and structured interviews.

7. **Suggestions and Conclusion**

This chapter presents the suggestions given by the researcher based on the current management education system in Karnataka and the critical analysis of the findings. This chapter also includes the concluding observations of the study.

1.9 **Limitations of the Study**

- The study covered only Two-Year full time MBA/ PGDBM management programmes in Karnataka. The study did not include online programmes, one-year PG diplomas, MBA through distance education, executive MBA programmes etc.
- The study did not include institutions not approved by AICTE.
- The information provided by respondents is assumed to be accurate.
- Many recruiting companies did not answer questions relating to turnover and names of B-Schools from which they have recruited students.

In spite of the limitations, the study has covered all relevant aspects of quality in management education. Adequate care has been taken to ensure geographical representation from all over the state (Bangalore, Mysore, Davangere, Belgaum, Tumkur, Davangere, Mangalore, Manipal, Dharwad, Gulbarga and Hubli)

To ensure true representation of the sample, near equal proportions of student sample is drawn from the three types of B-Schools. Appropriate statistical tools are used for analysis and interpretation. All the samples have been tested for normality by applying Kolmogorov Smirnov Z test, the samples have normal distribution.
Endnotes


6 Somiah Malati (2003). Effects of WTO regulations on higher Education in India, Conference On Globalization and WTO- Effects on Management Education in India, Garden City College, Bangalore held on 14-6-03.