Impact of Globalization, Liberalization and Privatization, Redefining the Role of Business Education: A Mission for a Better Global Society

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INTRODUCTION:
Business Education:
“Business Education growth is the engine of development in the new world economy”. – Prof. Castells

Business education imparts in-depth knowledge and understanding so as to advance the students to new frontiers of knowledge in different walks of life. It is about knowing more and more about less and less. It develops the student’s ability to question and seek truth and makes him/her competent to critique on contemporary issues.

Business education must play an important role in the transformation of our institutions and values. Business education is not merely imparting of information or knowledge. It should aim at total development of an individual. It must train the student to be a good citizen and to be able to take decisions and act wisely in business and life. Wisdom is the ability to discriminate and decode between right and wrong.

Business education usually connotes education beyond the school level imparted at universities or other centres of higher learning like IITs, IIMs and other various research institutes. Ideally, universities and other institutions of management learning are storehouses of knowledge and creators of those who make knowledge grow. They are expected to represent the best brains and be centers for achieving excellence and for inculcation of higher values leading to the development of the personality of the individual to its fullest potential and to all well-being of the country.

PREDOMINANT CONCEPTS IN BUSINESS EDUCATION:
According to Barnett, the business education system consists of the following major concepts:

The Predominant concepts are:
➤ Business education as the production of qualified human resources
➤ Business education as training for research career
➤ Business education as the efficient management of teaching provision
➤ Business education as a matter of extending entrepreneurship chances

Interestingly all the above four concepts of business education are not exclusive, rather they are integrated and give overall insight about the business education.

OBJECTIVE OF THE STUDY:
The main aim of this paper is to briefly analyze significance of Indian business education at global level and transformation, changes happened in B-schools during and after recession period.

BUSINESS EDUCATION SYSTEM IN INDIA:
Business education in India starts after the higher secondary or 12th standard. While it takes three (3) years for completing a B.B.A, B.B.M or B.Com degree from a college in India, pursuing engineering course would take four years and five years (six months compulsory internship) for completing a Bachelor of Medicine or Bachelor of Law. After which post graduate business education can be done generally of two years duration. Those who cannot afford to attend the regular classes due to various pre-occupations can pursue correspondence courses from various distance and open learning centers across the country.

BUSINESS EDUCATION INSTITUTES IN INDIA – GROWTH:
Business education in India faces multiple challenges with new technologies, changing student’s demographics, demand for greater accountability, concern about the increasing cost of management education and globalization.

The business education sector in India also featured with great challenges in terms of quantity and quality of education delivery, funding, research and development and
reasonable access to the benefits of international collaboration.

The growth of business education in India has been phenomenal. Starting with 1950-1, there were only 2,65,000 students in all disciplines in 750 colleges affiliated to 30 universities. This has grown by 2005 to 11 million students in 17,000 degree colleges affiliated to 230 universities and non-affiliated university-level institutions. In addition, there are about 10 million students in over 6500 vocational institutions. The enrolment is growing at the rate of 5.1 per cent per year. However, of the undergraduate students only 5 per cent are enrolled into engineering courses, while on average 20 per cent sciences. The demand for professional business courses is growing rapidly.

As of 2009, India has 20 central universities, 215 state universities, 109 deemed universities, 5 institutions established and functioning under the State Govt. Act and 13 institutes of national importance. Other institutions include 16,883 colleges, including 1,800 exclusive women's college, functioning under these universities and institutions. According to the department of higher education, Government of India, there are more than 15,000 colleges, 9,9.54 lakh students and 4,57 lakh teachers in various higher education and management institutes in India.

INDIA'S EDUCATION SECTOR AT GLOBAL LEVEL:
According to the International Finance Corporation (IFC), the growth is now soaring: 2 million university students approaching 2% of the world's total of around 100 million studying outside their home country in 2003 (cited in Higher Education in the same article in Economist). Since the late 1990s the business education market is growing by 7 per cent a year.

The Economist Survey on higher education further indicates that annual fee income alone is estimated at $30billion. While private profit seeking companies have entered the education business, even government-controlled universities are seeking independence from government authority. However, many countries including India continue to control the fee structure of their universities causing financial stress to foreign students, who are generally made to pay much higher fees than local students. This has resulted in many universities openly soliciting entry of foreign students.

SLOWDOWN EFFECT:

Most of those students return to work in India, but thousands stay in the U.S., contributing their skills to the world's biggest economy.

THE CHANGING FACE OF BUSINESS EDUCATION:
The face of business education will change in the days to come and it will be better aligned with the new realities of the world.

Optimism in the job market is back, finally. Recruiters are back in droves in business schools. Salaries on offer are looking good once again. And the optimism is visible not only at the business schools but also at the offices of your friendly neighbourhood placement agencies. Everyone seems to be back in hiring mode - companies led this time by infrastructure, construction and equipment industries (termed the new ICE by Stanton Chase MD R Suresh) are filling up vacancies in a hurry. The slowdown that started in mid-2008 is truly a thing of the past. For the quarter ended June 2010, the country's gross domestic product grew a robust 8 per cent.

So, if companies like LandIT Power are recruiting by the hundreds, State Bank of India advertised for 4,000 probationary officers (half or them for rural areas). Even retired bureaucrats, former judges and vice-chancellors are in demand. The impact is predictable. Human resource managers in companies, who were joking till the other day that they could easily open their own recruitment agencies going by the number of unsolicited resumes they were receiving, are now going back to the basics and brushing up once again on terms such as talent management and hiring best practices.

Two years ago, an assessment of India's higher education system by the University Grants Commission (UGC) found that as many as 25 per cent faculty positions in universities remained vacant; 57 percent teachers in colleges did not have either an M Phil or PhD; and there was only one computer for 229 students, on an average, in colleges. The assessment was conducted on 123 universities and 2,956 colleges across India - an estimated 60 per cent of these institutions were private, the rest government-run.
A Planning Commission assessment shows 80 per cent of the 12.8 million new entrants to India's workforce every year have no opportunity for skills training. Even more worrying is the fact that only 2 per cent of the workforce has skills training and 80 per cent of the rural and urban workforce does not possess any "identifiable" market skills.

What is also worrying are the findings of the India Labour Report prepared by TeamLease - it has found that over half of employed youth suffered some degree of skill deprivation, while only 8 per cent were unemployed. In all, 57 per cent of India's youth suffered from some degree of "unemployability". The good news is that some companies have decided to take the bull by the horns in their own limited ways to bridge the skills gap. Infosys Technologies, for example, has launched the Campus Connect initiative with engineering institutions in Mysore, Bangalore, Pune and other cities. Under this, workshops and seminars are held for students to provide them with industry specific exposure. ICICI Bank is working in order to upgrade curriculum in areas like wealth management and credit relationship sales with institutes like Management Development Institute, Narsee Monjee Institute of Management Studies and so on.

Clearly, the face of business education will change in the days to come. It will be better aligned with the new realities of the world.

THE NEW BUSINESS EDUCATION:
What should be the contours of the change that is needed to make management education effective and relevant for the future?

The on-going global economic crisis has persuaded business schools the world over to seriously introspect on the design and delivery of their MBA programmes. The management graduates from prestigious business schools, who were involved in the incompetent practices in the financial and capital markets that arguably triggered the most wide-spread economic meltdown since the Great Depression, have raised questions about the efficacy of MBA programmes. Are there lessons to be learnt from this experience? What should be the contours of change that are needed to make MBA education effective and relevant for the future?

Examination is needed for several issues, including the review of a couple of aspects. One, the assumptions underlying the concepts and theories that are taught regarding decision making in management. Two, the mindset with which decisions ought to be made within organisations. Three, the broad design of the delivery process with a view to imparting managerial wisdom to students in addition to knowledge in management.

The dominant philosophy underlying management decisions is based on the single objective of maximisation of shareholders' wealth, that is, maximisation of the value of the firm. The theoretical constructs for decisions in finance explicitly derive their reasoning from this objective. While other functions may sometimes claim that they work with apparently different objectives, a deeper analysis would establish that those too are means to achieving the objective of maximisation of the value of the firm. Abortive attempts have been made by academic work in the corporate governance sphere to create a debate on the matter. Credible alternative frameworks, however, have not emerged since every strand of thinking in corporate governance too begins by recognizing that primacy has to be accorded to the interests of the shareholders. Interests of the other stakeholders come into play as a subsidiary to this principal objective. This emphasis on the single objective of value maximisation would have to change. Businesses in the future would have to work towards achieving multiple societal objectives. Management theories would therefore have to change accordingly.

PUT ETHICS FIRST:
The crisis also points to the need to change the ethical make up of the mindset of management students (and, of course, the practicing managers). Shorn of verbiage and unnecessary intellectual debate, the Western socio-political philosophy based on laissez faire leads to a system where the focus is essentially on the individual. The (perhaps unintended) consequence of this philosophy is that it not only tolerates but encourages the individual greed. The unsavoury episodes of top executives of automobile companies in the US flying to Washington DC in their private jets to beg for financial support from the government to survive, and the stand-off between the US government and the bankrupt firms in the financial sector, bailed out by the government on the issue of quantum of bonuses to be paid to their executives: This series of events clearly point to a crying need to bring discussions on the ethical aspects of decision-making in management into the MBA curriculum. While several business schools do have courses in business ethics, there is a need to integrate the ideas and concepts from ethics with courses in functional areas. That would help the students learn about the exact nature of ethical dilemmas that arise in different functions of management, and what could be the manner of resolving those dilemmas. The MBA programmes of the future would have to achieve this much-needed integration.

The third issue, that is rarely discussed as an important attribute of the design of the MBA programme, is one of division of time to be spent by students in formal classroom learning and in self learning through individual efforts. If there is undue emphasis on spoon feeding through classroom sessions, without providing adequate time (to the students) for introspection, then the students would not internalize the ideas and concepts taught. Graduates from MBA programmes with such design are likely to be well versed in the techniques for managerial decisions. They would not have developed however the essence of wisdom to be circumspect about the applicability of these techniques in their entirety to the real world. The good
MBA programmes of today produce excellent technicians. The MBA programmes of the future will have to produce good technicians with managerial wisdom.

The appropriate mechanism for achieving the objective of imparting knowledge and wisdom is not easy to specify. The usual approach is to insist on several years of work experience as a prerequisite for admission to an MBA programme. The belief is that given the work experience, the students would acquire managerial wisdom while they complete their MBA programme. This mechanism has however been found to give uncertain results. It is not uncommon to find that students fresh out of college pass out with greater managerial wisdom than those with several years of work experience.

Another approach that is attempted frequently is to involve practising managers in the teaching of courses in the MBA programmes. While this too may help in bringing the practical world's wisdom into the discussions of the classroom, experience shows that the effectiveness in enhancing managerial wisdom of students appears to be limited. Internships with organisations, individual and small-group project courses are also ways of supplementing the classroom learning that essentially attempt to impart knowledge, with learning that may develop managerial wisdom of students. It is quite apparent that though the above mechanisms have been (to varying degrees) a part and parcel of the MBA programmes, they have not been effective in imparting the desired level of wisdom to the students. May be what is needed is a finishing school for management graduates where the students may spend eight to ten weeks with the sole purpose of acquiring wisdom in management.

THE FLAT WORLD OF BUSINESS EDUCATION:
As courses and curricula head towards a mean, the culture on campuses makes all the difference.

The battle of Waterloo was won on the playing fields of Elton. The battle for the mind of the Man from Matunga or, more appropriately these days, the Matron from Malad will be won on the football grounds of Ooty and the golf greens of Poona. Lord Wellington didn’t think too highly of the classrooms of Elton where inky-fingered schoolboys learnt how to make multilingual puns with ‘peccati’. He felt that character was formed more in the company of flummelled fools and muddied oafs.

In the savvier boardrooms across India, they don’t swear by the classrooms of the Indian School of Business (ISB), Hyderabad or the Indian Institute of Management (IIM) Shillong. But these are highly-rated institutes. Their superiority comes from the intangibles: what they don’t teach you at business school. "MBA programmes are as much about an experience as they are about education," says Karthik Reddy, an MBA who has recently set up an early-stage venture fund styled Blume Ventures.

Western schools are very flexible. People build on their strengths; in India, on size fits all. There is flexibility also in terms of administrative and academic issues. Former Citibanker Jerry Rao, a dual MBA from IIM-A and Chicago, gives an example. "I went to Chicago to do my PhD which I did not complete," he explains. "Since I had completed all my courses and PhD exams (I did not complete my dissertation) they gave me an MBA."

Culture has become more important these days because the more physical aspects are levelling off. New schools are, in fact, often better on this score. Their infrastructure, built just a few years ago compared to the 50-year-old Louis Kahn Plaza at IIM Ahmedabad, is superior. The facilities, set up in an age when a B-school is a business proposition, are modern. Even the libraries house more books.

At another level, course material provides no particular edge. Harvard case studies are available to everybody for a price, this is one of the US school’s revenue-generation methods. The textbooks are the same. Tie-ups with foreign universities are commonplace. The Ivy League variety may be choosy. But lesser schools are keen to rush into a market that is all set to boom. Education is the new growth sector.

Cross-pollination opportunities come everywhere. There are student exchange programmes, faculty exchange programmes... You can spend a full semester or year in China or Canada. “Many schools across the world have access to similar course materials, teachers and infrastructure,” says Vineyak Prasad, president and country head (cards management), Yes Bank.

Yet, the more the courses and curricula converge, the final product – the MBA – doesn’t seem to be going through any cloning laboratory. Almost everyone agrees that we are getting to a flat MBA in terms of physical parameters. Add the human dimensions and they couldn’t be more different.

HIGH-QUALITY FACULTY:
“Indian schools have a significant number of high-quality faculty,” adds Charles Dhananj, who also teaches both in the US and ISB. “A high percentage of them are outstanding teachers and admired by students and executives. However, the emphasis on research has been traditionally absent. More than 50 per cent of the investment in faculty salaries in US schools goes towards enabling them to build a research agenda.” In India, there is hardly any spend on this.

“The best foreign business schools have excelled by placing their emphasis on thought leadership through cutting-edge research, not just teaching, which is less unique source of differentiation and competitive advantage,” says Sank Chaudhuri of Wharton and visiting faculty at ISB. The IIMs started that way too, but lost the plot somewhere down the line. However there are signs that they may be back on track soon, feels Chaudhuri.
THE WELL ROUNDED BUSINESS EDUCATION:
There is growing realization in India, however, that one needs
to go beyond the classroom. This is not so much at the
IIMs and other top institutes which have tested success
and are now busy keeping barbarians (B-schools that plan
to come to India when the Foreign Education Bill is passed) at the
gates. The B-schools that aspire to make it big one day are
doing all they can to introduce that cultural dimension. But
these are things you can’t ordain; they happen.

Now the question which arises here, Is a well rounded
MBA in a flat MBA world an attainable goal in India? As
usual with something seen from a new perspective, there
are people who disagree with the new concept. “There are
so many nuances that show that the world is more round
than, I thought,” says Debashis Chatterjee, director of IIM
Kozhikode. “MBA is not engineering; its special science
that must berooted in its context – importing something
from Stanford wouldn’t work in Kerala.”

THE GLOBAL CURRICULUM:
The other major issue that management education is facing
in India is the intellectual dominance of the West (fed by
the US). The ideas, concepts, theoretical constructs and case
studies are essentially from the Western developed world.
Management principles derived from the Japanese
experience did attempt to break the Western hegemony.
However, with Japanese experiencing a moribund economy
for over two decades, many of these principles have been
discarded from the main-stream thinking in management.
With the rise of India and China in the global economic
scene, there is clearly a need to bring in Indian and Chinese
experience and perspective into the MBA curriculum and
academic material. And very soon, it may be necessary to
bring in may be Brazilian and Russian experience and
perspective into the MBA programmes.

CONCLUSION:
To sum up, going forward for a true globalisation of an
MBA programme would be essential for the programme to
be relevant. In this context, it is heartening to note that in
terms of the academic material used, MBA programmes of
good business schools in India tend to be far more global
than the MBA programmes of most business schools
anywhere in the world. The globalisation of the curriculum
can also allow that an MBA programme is no longer
offered by just one business school, but by a group of
business schools from different countries and continents.
This would ensure that students get exposed to academics
from several countries. If the programmes also require
students to travel to different locations for education then
they would also be enhanced by exposure to different
cultures and societies.

It is clear that the changes required in the curriculum of
MBA programmes for the future are path breaking. The
efforts needed, and therefore, the challenges are huge.
Indian business schools, with their extant global orientation
and facility with language of management (English) are
well positioned to lead the change. Would they?

Hence, to compete successfully in the information
-technology based economy of the 21st century, our nation
wishes higher business learning centers that not only turn
out brilliant managers and entrepreneurs but also support
sufficient high and intellectual level research and
development to meet the demands of national growth and
development.

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