Chapter 1

Overview of Marketing and History of Management Education
SYNOPSIS

CHAPTER - 1

OVERVIEW OF MARKETING AND HISTORY OF MANAGEMENT EDUCATION

Marketing of Educational Services
  1.1.1 Introduction
  1.1.2 Market Orientation- B-Schools
  1.1.3 What Marketing Can Offer to Education
  1.1.4 Classification of Educational Services
  1.1.5 Characteristics of Education Services and Implication for Marketing
  1.1.6 Marketing Strategy and Education
  1.1.7 Educational Services and Buyers Behavior
  1.1.8 Developing Marketing Strategy
  1.1.9 Marketing Mix and Education Services
  1.1.10 Product in Education Service
  1.1.11 Place in Education Service
  1.1.12 Pricing in Education Service
  1.1.13 Promotion in Education Service
  1.1.14 People in Education Service
  1.1.15 Physical Evidences/ Facilitating Services in Education Service
  1.1.16 Process in Education Service
  1.1.17 Is Marketing Ethical For Education?

1.2 History of Management Education
  1.2.1 Introduction
  1.2.2 Types of B-Schools in India
  1.2.3 Growth of Management Education in India
  1.2.4 Concluding Remarks
CHAPTER – 1

OVERVIEW OF MARKETING AND HISTORY OF MANAGEMENT EDUCATION

1.1 Marketing of Educational Services

1.1.1 Introduction

In the past, the marketing of educational services in India had little significance. This was because of the following three reasons:

1. The first was that the demand far exceeded the supply of service.
2. Second, it was the people’s perception that it was the duty of the government to provide this service to the people.
3. Third, since the Indian economy was more dependent on agriculture; people ignored the importance of education. The situation still remains the same in most poor and lower middle-class families where earnings their daily bread takes priority over the education.

Even today there has been relatively little published research outside the USA on the marketing aspects of activity in educational institutions, including those offering Master of Business Administration degrees. This seems strange in view of the increasing competition among them as a services provider and some of the important issues like¹

- How far educational institutions are really “customer focused”?  
- Do they choose the most appropriate market segments for their organization’s strengths?  
- Is there consistency between the segments targeted and their product offerings?  
- How far are they aware of the complexities of the decision processes of the “buyers”?  
- Is it appropriate for educational institutions to become “marketing - oriented”?²
1.1.2 Market Orientation – B-Schools

McGee and Spiro distinguish between marketing as a philosophy and as a concept. A philosophy can be distinguished from a concept in that philosophy is a broad umbrella that governs the business life while concept is a recognized way of operating within the climate that the philosophy has set.3

(Borch 1964)4 Webster (1992)5 emphasis the importance of these distinctions and note that much of the confusions over the years about the definition of marketing and an understanding of the marketing concept can be traced to a failure to make these distinctions. There is a broad agreement that market orientation as a philosophy is made up of three core aspects:

1. A consumer orientation
2. Integration of efforts, and
3. Objectives and philosophy

1. Customer orientation necessitates an understanding of the psychological and social factors that determine the customers’ requirements. This understanding also enables the marketers to ask the right market research questions.
2. Integration of efforts enables the firm to provide value offerings that meet customer needs. This requires coordination at broad and organizational levels.
3. The latter is important since market orientation is an organization wide prescription requiring that the whole firm is organized and coordinated in order to meet customer needs.

The commercial firm adopting the marketing concept seeks to meet the customer needs in order to make a profit. Market Orientation, initially was conceptualized with a view to provide the organization with long term freedom. However in non commercial organizations other objectives will take precedence.6

Kohli and Jaworski (1990) have contributed by providing an operational definition for market orientation as a concept. In their study they do this by comparing the three core elements of market orientation as a philosophy to the perception of practicing
managers. Eventually, the market-oriented firm is one, which successfully applies the marketing concept. The definition of market orientation given by them is as under

"Market Orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide responsiveness to it".

The definition by Kohli and Jaworski (1990) of market orientation as a concept focuses on activities and therefore enhances the ease with which the concept can be operationalized.

It is therefore necessary to apply market orientation in business schools because Many B – Schools have started facing the budget constraints; the government in the region has contemplated far reaching and unprecedented changes to higher education funding arrangements. Some of these changes include the abandonment of centrally allocated commonwealth grants, its replacement by more limited schemes: voucher-based scholarship scheme, price liberalization and full fees for students. Under such situation, students will increasingly demand better quality and may reward those universities, which are able to provide the desired courses and quality standards.

Facing economic pressure, universities can either look at cost cutting and/or increasing revenue. Encouraged by government, politicians, some universities are looking at mergers and possibilities of closer links with the hope of achieving rationalizations and hopefully cutting costs. Besides cutting cost more universities are increasingly focusing on areas that can generate revenue. Some are aggressively marketing their training programme to industries while the others are looking upon the possibility of providing consultancy services.

1.1.3 What Marketing Can Offer To Education?
Education is a service to clients although the statement raise questions about the nature of the service and the identity of its customers/clients. Marketing is concerned with the quality of the relationship between producers and consumers. As a concept,
marketing is not the same things as market forces or market accountability. Petch felt 
that market accountability is marked more by confrontation than by the cooperation 
desirable in education between schools and their students and parents.9

Wragg expressed strong hostility to education becoming subject of market forces. 
Marketing subsumes an ideology that makes the needs and wishes of an 
organization’s customer/purchasers more important than its members’ preferred 
methods of working. It can also appear to define the value of a product or services 
solely in terms of what purchasers are prepared to pay for it and therefore to 
encourage providers of services, such as schools, to consider questions of cost of 
services more important than ethically rounded process of practice. Teachers find the 
commercial value of competition and individual choice incompatible with educational 
goals of providing equitable opportunities for the learning and development of all 
people. Marketing their professional services appears to create a tension between an 
emphasis on social values that put the good of the individual above the society and 
these social values which preference to the greatest good of the greatest number of 
people in a community.10

There is a considerable discussion about the role of market orientation and its effect 
on performance. While there are numbers of studies linking market orientation and 
performance of business and industry. The role of market orientation in territory 
education has received relatively less importance during the past decades. Territory 
education have been playing increasing attention to the understanding, application 
and implementation of market oriented principles and practices including market 
research were among the first to stress the importance of strategic marketing in higher 
education while Stankiewicz looked at entrepreneurship in universities, specifically 
form the point of establishing stronger links between universities and the private 
sector. The need for alternative sources of funding in the face of reductions in 
state/federal support has seen much focus on university-industry relationships and 
with some underlying need to treat employers as customers. Such trend represents a 
fundamental shift in attitudes and if nothing else prepares the way for more 
substantial changes to follow.11
Radical changes have been taking place in the areas of educational services. The reasons for this transformation are plenty. The growing awareness of the importance of education among the masses, corporatization of education, innovation in technology and privatization of education services have led to dramatic changes in the field.\(^{12}\)

Before going into the subject of education services marketing, it is important to understand the concept of education as a service. Going by the modified definition of American Marketing Association (A.M.A):

"Services are those separately identifiable, essentially intangible activities, which provides want satisfaction and are not necessarily tied to the sale of a product or another service."\(^{13}\)

Providing services may or may not require the use of tangible goods in service buying transaction. Education as a service, that, can be said to be fulfilling the need for learning acquiring knowledge- providing an intangible benefit (increment in knowledge professional expertise, skills) produced with the help of a set of tangible (infrastructure) and intangible components (faculty expertise and learning), where the buyer of the service does not get ownership. He may have tangible physical evidence to show for the service exchange transaction but the actual benefit accrued is purely intangible in nature.
1.1.4 Classification of Education Services

Most education services are targeted at the consumer segment through which education services are offered to corporate customers, too. This can also be a basis for classification of education services. Education can basically be classified into primary, secondary and higher education based on buyers' intentions and motives in using the service. For instance, the motive in pursuing a course in management could be either to get a job or to gain knowledge. Though most service seekers pursue this course for the sake of getting a job, there are definitely a segment of people whose motive is to gain knowledge.

Services can also be classified into people based service and equipment-based service. Education is a people based service, where the role of the instructor is invaluable and his intention with the student, inevitable. Even though modern systems make use of equipment like Liquid Crystal Display (LCDs), communication systems like the Internet and computer systems, the role of the teacher cannot be ignored. Some authors classify services into low contact and high contact services, based on the interaction between the service provider and the service seeker. Education is a high contact service in its traditional form. However, the interaction between students and faculty is becoming insignificant with the introduction of open and distance-learning systems, multimedia based tutorials and online trading. Management educational programs in specialized areas like insurance, banking and finance by Institute of Chartered Financial Analyst of India (ICFAI) university and technology programmes by Carnegie Mellon University though the distance mode are examples of low contact service. If we classify services based on tangibility attribute, education is a pure service with a high and dominant intangible content.

1.1.5 Characteristics of Education Services and Implication For Marketing

Intangibility

The biggest challenge for marketers of education comes in the form of the intangibility of the service. The student and/or their parents evaluate the service offerings by analyzing the course contents, buildings and other infrastructure
facilities. Faculty experience, career prospects for the course, activities conducted by the institute, industry-institute interface and placement assistance on the completion of the course are analyzed for vocational, secondary and higher educational services. Since most of the attributes are not visible, the marketers attempt to tangibilize the offering to gain a competitive advantage and penetrate the market. For instance, BITS Pilani is synonymous with quality in technology education. Harvard Business School is known all over the world for its management education and is ranked first in the world. In India, National Assessment and Accreditation Council- (NAAC) an apex body of the university Grants Commission for academic audit and standards gives statuses like 4 stars and 5 stars to institutes, which meet the standards and set new benchmarks in education. Some institutes also earn the ISO 9001:2000 certifications. By earning this certification, education service providers can tangibles their offerings.

The implications for marketers, which emanate from these characteristics of intangibility, are many. Competitors can copy education service strategies quite easily. Teaching methodologies, syllabi, programs offered etc; can all be copied. For example, if the Indian School of Business (ISB) offers a course on “Global Strategic Management”, a small MBA institute can also come up with a similar course. Competent faculty members can be lured away by competitors. So strategies should be developed to retain within the system even if some members leave. Augmented products can be offered along with the core service to tangibilize it. For instance, most schools offer well-equipped libraries and laboratories. Some schools these days offer swimming pools and gyms to enhance the physical education experience of the students. In this way, they augment their service and tangibilize their commitment to qualitative education.

**Inseparability**

In the case of education services in the conventional form, the service production, delivery and service consumption are inseparable. It means that there is no role for intermediaries in the process. As the instructor produces and delivers the service, the student consumes it simultaneously. This necessarily limits the scale of operation.
Basically, the customer is required to be at the place of the service provider or the service provider is required to go to the place of the customer for the service to be delivered. However, modern methods do not need for direct interaction between the faculty and the student. With user-friendly study material and audio visual aids, educational institutions are separating the faculty from the service to increase the scope of their operations.

The customer becomes a co-producer at the time of service delivery and this also impacts the deliver. For example, the instructor would do the same lecture differently to a set of intelligence and enthusiastic students that he would to a dull and uninterested-lot. Therefore, the role of the customer also becomes important in service production and delivery and cannot be discounted.16

**Heterogeneity**

Standardization of the service offering is not possible in case of the education service. The quality of service delivery varies from customer to customer and from time to time. This is because of the importance of the service. For example, one instructor’s way of teaching may be different from that of another working within the same institution or, the same instructor may deliver a lecture differently at two different times. The service providers have to ensure that this variability is better used to match the varying needs of customers. For instance, if an instructor is free and better oriented to deliver lecture in the evening he can be employed to teach the part-time or evening-class.17

**Perishability**

The education service is highly perishable like any other service and this feature results in certain implications for marketers. In conventional educational institutions, the production and consumption of education services has to take place simultaneously. This disables the option of inventorying the service in the case of variation in demand. The unutilized service cannot be stored. For instance, if some students who have enrolled for a course do not turn up on a particular day, the service
meant for these students cannot be stored. Similarly, if students' enrollments are fewer than the seats available, the underutilized service cannot be stored for the next year. This results in greater emphasis on effective management and marketing of the education service.18

Another aspect of education services that gets affected is the demand for faculty resources. The problem of overstaffing or understaffing is common in institution at one time or the other. This feature implies that the marketers maintain a good match between demand and supply for educational services.

1.1.6 Marketing Strategy and Education
It has been pointed out in almost all these studies on the subject of services marketing that strategic management and marketing strategy for each organization, need to be unique in itself as it is organization and situation specific. Some directions for marketing strategy for education may, however, be drawn keeping in mind the special characteristics of education as an intangible dominant, people based, and high contact consumer service. These are outlined below.

1. The dominantly intangible nature of education service may make consumer choice of competitive offers more difficult.

2. In case of delivery systems where the performance of the service demands the presence of the instructor, marketing of education would need to be localized and offer the consumer a more restricted choice. Of course, as institutions build up their “pull” in the market, consumers are willing to relocate themselves to avail of the services. and

3. Perishability may prevent storage of the service product and may add risk and uncertainty to the marketing of education, especially in the event of fluctuating demand for courses/instructors/disciplines.
The basic questions for strategic marketing planning that need to be answered are:

i) **What business are we in?**

In order to properly define the mission and the overall objective of the organization it is essential to define what business we are in. Are we in the business of transmission and propagation of knowledge? Are we in the business of creating new knowledge? Are we in the business of developing professional skills? Are we in the business of creating special skills or preparing people for a specific vocation? Or are we there to provide basic knowledge and training to people who will enable them to reach a level where they can make further choices? Answers to these questions will lead the institution to identify what it holds to itself as the organizational mission and overall objective.

ii) **Who are our customers and what benefits do they seek?**

Identification of target markets and understanding the needs of customers, as well as the criteria they use to make choices, represents an important step in marketing strategy formulation. For an educational institution, the task translates in determining what is the nature of the benefits sought by its set of “Customers”? Are they merely seeking a certification, or development of a specific kind of expertise or is accumulation of knowledge the real value sought? Since the purchaser of the educational service is primarily buying the expertise or knowledge he believes that the institution has at its disposal. It is important for the institution to be able to define the kind of expertise it is capable of producing. It is also important to develop an understanding of the criteria to prospective students apply to when they choose between two competing institutions. A study in the Indian context, for management education, reveals that some of the criteria used by students to choose between institutions were:

a) Reputation of the institution,
b) Number of applicants keen to enroll in the course,
c) Past success rate of placement,
d) Faculty expertise,
e) Width of specializations offered,
f) Infrastructural facilities, and
g) Fees.

Identification of criteria used to differentiate between two competing institutions may lead institutions to lay emphasis on developing competing strengths and creating perceived differences between their offers and the competitor's offer.

iii) **How can we build or defend own competitive position?**

Every organization has to consider an entry strategy into a market and then creation and protection of a competitive position. Though a number of alternative positioning choices are possible for educational institutions, the task of positioning is slightly more difficult proposition here, because of the absence of a strong competitive position is to build up strong tangible core to the service offer. One of the basic ways to achieve a strong competitive position is to build up strong service differentiation—which can generate a clearly focused organizational and product image in the consumer's mind. Examples can be found in the case of National Institute of Information Technology (NIIT) which identified the need for computer education and training in the Indian market and built up expertise to cater to clearly defined need segments in terms of basic learners, job aspirants, people who need to update their knowledge, organizational customer needing customized packages and so on. Another example is that of Indian Institute of Management, Ahmedabad (IIM-A), which through development and nurturance of highly specialized faculty resource and excellent industry interaction has built up formidable barriers to competition. These clearly differentiated positions enable these institutions to generate large number of aspirants and select the desirable quality of students.

iv) **How should we provide competitive situation that help/strengthen the competition position?**

As needs and wants of the consumers population change, existing course packages or delivery system may cease to satisfy them. A preemptive approach to education
planning suggests that "satisfiers" to such needs be preemptively developed and offered before the need really becomes apparent to the consumers themselves. Since education to some extent, represent a derived demand dependent upon the final demand for desired qualifications for employment, changing job scenarios, and industry requirements.

1.1.7 Educational Services and Buyer Behavior

The buyer's decision-making processes vary with the type of decision, and that the more complex and expensive decisions are likely to involve more buyers' deliberation. There are four types of consumers buying behavior as shown in table-1.1. Consumers go through complex buying behavior when they are highly involved in purchase and they are aware of significant differences between brands. Marketing MBA programmes clearly involves the selling of an expensive product (in terms of both money and time) and there is also a significant brand differences and infrequent buying. Murray suggests that in the face of grater risk and uncertainty, services customers engage in extended decision processes. There is a distinctive information acquisitions pattern for services customers: personal sources of information become particularly important.

### Table-1.1

**Buyer decision -marketing matrix**

<table>
<thead>
<tr>
<th></th>
<th>High Involvement</th>
<th>Low Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant differences</td>
<td>Complex Buying Behavior</td>
<td>Variety seeking behavior</td>
</tr>
<tr>
<td>between brand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Few differences between</td>
<td>Dissonance reducing buying behavior</td>
<td>Habitual buying behavior</td>
</tr>
<tr>
<td>the brands</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Rakesh Khurana, Madhulika Kaushik and Kamal Yadava *Marketing of Services-Concepts and Applications* School of Management IGNOU, Pp-180-182
1.1.8 Developing Marketing Strategy
Modern marketing practices suggest that in many cases market should be segmented, i.e., the organization should reorganize as different customers have differing needs and wants. To be useful, a segment should be measurable, sustainable, stable, and accessible - it should be possible to reach the chosen segment by specifically designed marketing mix. It is argued that when organizations have understood the different market segments they should target one or more of these segments in accordance with their own particular organization strength, and should be positioned themselves in the marketplace so as to appeal to these segments. However, the market for MBAs has been undergoing a rapid expansion and equally rapid evolution and it may be difficult to understand clearly the segments, which exist. Moreover, the organizations need to be careful to ensure consistency between the “targeted segment” and the “product offering”. There is little point in teaching strategic management to 22-year-olds on a “conversion course” from history or engineering if they do not have the experiences to understand the concepts being taught.

Having obtained an understanding of buyer behavior and segmentation, the marketers of educational services need to understand the development of marketing strategy and the “marketing mix”. A popular classification developed in the 1960s suggested that the marketing mix generally consist of the “4-Ps”: Product, Price, Place and Promotion. This framework can be adapted to categorize the relevant features for each marketing variable in the case of educational services a revised marketing mix is discussed separately in chapter number 2.

1.1.9 Marketing Mix and Education Service
The education services market, as already discussed is a dynamic market with immense scope. There are good numbers of players entering the market, as the entry and exit barriers are not too high. However, both new players and existing players have to choose their marketing mix carefully, to survive the tough competition and fluid market conditions and eventually thrive in the market. The traditional 4ps concept developed for marketing of products has been conceptually extended by
Booms and Bitner to include 3 more Ps i.e. People, Physical Evidence and Process, to explain the marketing elements used for services.

Following are the components and subcomponents of the marketing mix.

- **Product** – Range, Quality level, Brand name, Warranty etc
- **Price** – Fees, scholarship, Payment terms, Loan facility, Consumers perceived Value etc.
- **Place** – Location, Accessibility, Distribution Channel, Distribution coverage etc.
- **Promotion** – Advertising, Personal selling, Seminars, Publicity, Public Relation etc.
- **People** – Personnel Training, Discretion, Commitment, Incentives, Appearance, Inter Personal Behaviour, Attitudes, Degree of Involvement, Customer Contact etc.
- **Physical Evidence** – Environment, Furnishing, Color, Layout, Noise Level, Facilitating goods, Tangible Clues etc.
- **Process** – Policies, Procedure, Mechanization, Flow of activities etc.


**1.1.10 Product in Educational Services**
The product in the education service market is the entire package offered to the student in terms of the topics to be covered, the extent of coverage, number of classes, the duration of the course, the attention given to each students etc., For example, if an institute offers program in communication technology, it is essential that it offers course on the latest technologies in the industry. This would help the institute attract students and also charge high fees. Therefore, offering the right product assumes a lot of significance.20
An educational institute has to ensure that its syllabi are comprehensive and up-to-date, covering the basics of the subject and related current issues as well. For example, the economic syllabus of a graduate course should not only discuss the micro and macro economics, but also the economic reforms process in countries like India and China and their implications. As more and more, new and unconventional areas are offering job opportunities, education service markets are required to introduce the necessary changes in the curriculum to equip the students’ suitability. For instance, service provider in India and Eastern Europe are including course on foreign languages, soft skills, personality development and communication skills as part of their curriculum.

To grow in the market place, institutions can adopt different strategies. Existing institutes can introduce new courses in unrelated areas also. For instance, the Indian Institute of Technology IITs, well known in the field of technology education, introduced courses in management in the 90’s, leveraging on their success and brand name. Now they are ranked among the top institutes in management education, too.

Marketers also attach some supplementary services to augment the product and enhance the service experience of the customers. For examples, dance, yoga, art etc are included in the curriculum in many schools as they are expected to improve the overall development of students. In fact, today’s children and their parents expect the schools to offer some of these supplementary services like health education, sports training, career planning guidance, coaching for competitive exams etc. If an institution ignores the role of these additional services, it may lose out to competitors who offer them.

The product mix can be altered to suit the different needs of various customer segments. For instance, Jawaharlal Nehru Technological University, A.P (JNTU) offers full-time M.Tech, correspondence M.Tech and summer M.Tech in the same discipline. These three variations of the same course are targeted at different customer groups of students, employees and academicians. However, certain issues have to be taken care of while designing different variant of the service package. For example,
one product should not be a direct competitor for another offered by the company. Cannibalization (one product eating the market share of another in the mix) should be avoided.

1.1.11 Place in Education Service
The place in education service includes the distribution channel and the location for service delivery. As discussed earlier, the role of intermediaries is almost non-existent in the case of education services. The tutor delivers the service and the student consumes it simultaneously. However, in recent times, franchising, distance education, interactive learning and correspondence education have created scope for distribution channels to deliver to the service students. For example, management intuitions like XLRI, IIM-Calicut and Manipal Academy of Higher Education (MAHE) use the services of Hughes Direct way to provide a web based interactive Executive MBA to executives.

Earlier, the market for a service provider was confined to one locality or one city. But now the scenario has changed as more and more service providers aim to expand their market. The scopes of the market have changed from a city to the country and from a country to the entire world. For example, Aptech has its network spread across 52 countries and 3208 training centers. Through “franchising” their operations, which are the buzzword in the industry, many educational intuitions have scaled new heights.

1.1.12 Pricing Decision in Education Service
Pricing decision is vital as they are directly related to the objectives of organizations. Such as achieving a certain Return on Investment (R.O.I) or increasing the revenues by a certain percentage. No organization can survive without profits in the long run, except the government funded or charitable institutions. So implicitly, price assumes the centre stage for any organization. For an education service, the price paid by the customer is known as “fee”- a subject with many constraints in developing countries.

In India, where the demand exceeds supply, pricing is subject to the rules and regulations framed by the government or its authorized bodies like All India Council
of Technical Education (A.I.C.T.E) which set rules after considering issues like paying ability of customers and the cost of service incurred by the institution. The regulation lay down by the government for the universities, engineering colleges and business schools in the country are examples. But in areas of education service where demand exceeds supply, the general pricing principles and laws of demand and supply apply. For example Training in computer education, where the prices plummeted after mushrooming of training institutions and the decline in demand, is an example to explain the same.

Pricing tactics in education, which are regulated one, are now being given a lot of importance. For instance, there are “international” schools in major cities of the country. Which charge hefty fees for primary and secondary education too? Similarly, education institutes are reaping the benefits by offering special schemes like one pricing for a single total payment and an inflated price for multiple installations, different prices for individual and corporate customers, group pricing where discount is offered to customers who join as group or join before a certain date. They all seem to be working well for the marketers.22

1.1.13 Promotion in Education Service

Promotion plays an important role in education services marketing today, when there is an immense competition in the sector. Effective promotion will act as an efficient tool for an education institution and help in

- Creating awareness of the organization and the various courses offered by it, among the customers.
- Communicate the special features of the service like faculty, infrastructure etc to the customers.
- Developing brand equity for the organization and its services.
- Persuading the consumers to buy the service by offering different benefits.
- Penetrating the existing markets.
- Capturing new market. and
- Attracting the best students as they create value to the institution.23
Education service providers are continuously developing innovative promotional strategies to beat the heat of competition in the market and attract more and better students. Some of the strategies adopted by them are discussed below.

- Conducting career-planning seminars in hotels and community halls, which are geographically assessable to all. For instance, various coaching institutes conduct this type of seminar.
- Conducting student-counseling sessions.
- Conducting demo classes that give an overview of the course and the teaching methodology.
- Providing scholarship and fee concessions to attract the best students.
- Issuing prospectus free of cost. For example, Indian Institute of Planning and Management (I.I.P.M) gives its prospectus free of cost to the students.
- Offering foreign exposure through exchange programs. The Indian Business Academy (I.B.A) offers and "Overseas Corporate Tour" to its students to attract them.
- Advertising innovatively and effectively. and
- Adopting a good Public Relation (P.R) strategy and staying in the news.

1.1.14 People and Education Services
People, in this case, the faculty, play a role of unparalleled importance in marketing educational services. The quality of education delivered by an educational institute is dependent on the faculty among other factors like infrastructure. It is not the qualification and experience of the faculty alone, but their ability to relate to students and guide them so that it builds their reputation and attract students.24

1.1.15 Physical Evidence/ Facilitating Services
The core service (course offered by the educational institute) is the reason for being in the market. A management institute exists because it equips people with skills and abilities to manage organizations. Faculty expertise and the accumulated experience at the institute represent the core resource for supplying additional services. A registration and admission service, class schedules, counseling service, enabling students to make relevant specialization choices, and library facilities are required so
that the students are facilitated in deriving the benefits of the core service i.e. learning. These services are called facilitating services. It is important for the planners to realize that if the facilitating services are not adequately provided, the benefit of the core service is not fully attained. Course material, in the form of books and prepared course notes, instructional manuals, computer lab, classrooms, layout and design of the building are examples of facilitating goods that help access the core benefit.25

1.1.16 Process
Process is also one of the major components of service marketing. The way in which services is being offered determines the quality of the services and reflect the image and integrity of the organization. The process of imparting the education and making the learning more enjoyable and understandable is totally depending upon the well design process.26

1.1.17 Is Marketing Ethical For Education?
Teachers are professionals who as Burgess pointed out; use their knowledge and experience to assist their students as clients and who act in accordance with a set of values so that their conduct towards these clients is both ethical and professional. Their concerns! are usually with the quality of educational experience that they provide to students and only rarely and reluctantly with commercial or marketing aspect of their work. Yet the latter provide crucial constraints on resources which inevitably affect outcomes.27

Debates about the appropriateness of marketing to non-profit marketing organizations are not confined to education. Habgood questioned the suitability of marketing methodologies for the purposes of evangelization. However, McIntosh and McIntosh indicated that, although the public often associate marketing with “slick and, perhaps, underhand professionalism”, marketing was actually imperative for charities. It is important to identify beneficiaries’ needs as accurately as possible to avoid wastage of scare resources.28
Marketing is a philosophy of management through which intuition consider, debate and clarify their underlying principles and purposes to meet the needs of their clients. Educational marketing requires the identification of student and community needs and a commitment to meeting those needs with a high quality product. Pardey suggested that the client-centered nature of marketing made it ethically acceptable in education, pointing out that the values shape the goals and decision making of any organization. Gray pointed out that if all staff involved in a school is trying to improve the quality of service, all must be involved in promoting “customer care” and in enhancing levels of “customer” satisfaction. This is, effectively, marketing a school to its primary beneficiaries, the students, and their parents, even if the staff concerned is not comfortable with the use of commercial terminology to describe it.29

The aspect of marketing which seems to cause most offence in schools is that which relates to selling. It is thought to be unprofessional, if not unethical, for professional careers to try to attract customer when their implicit professional codes emphasize looking after people altruistically. On the other hand, clients and potential clients may need to know the quality of a school’s product/process and the competence of its staff if they are to make rational choices about how best to meet their own needs. School prospectuses and open days give parents some basis for informed choices as well as being means of giving them some account of how well a school is looking after their children. Perhaps as Gummesson says"... it is not unethical or unworthy to express the advantages of a service of a professional... as long as the truth is told". Because teachers have been reticent in the past about the complexities of their job and what is involved in performing it, they have suffered the humiliation of seeing a travesty of their work portrayed in much of the mass-media in the UK in the 1980s, such that the public could have been led to believe that teaching was an easy job with relatively short hours of work, the problems of which were trivial and relatively easily resolved by harder work, tougher discipline and more rigorous testing. Would that the problems of schools were solved so easily!30

Marketing is a “management orientation process”, the foundation of a school’s management strategy. Its main focus is not on those aspects of an organization for
which teachers seem to have little time- the slick processes of image making and public relations- nor on those in which most of them take little interest- resource management- although it is concerned with using scarce resources as effectively as possible to meet the identified needs of an organization's clients. The main focus of marketing is on a dialogue between an organization and its clients, a school and its students and parents, and how their different needs can be met most effectively, issues, which are at the heart of most teachers' professional concerns. To meet these needs requires all staff to be involved in a constant, systematic review of their practice in order to improve the quality of the service of teaching and learning, which their school provides. Marketing then is crucial if a school is to develop its vision for its students and maintain the practices of school improvement.31
1.2 History of Management Education

1.2.1 Introduction

The first management education program started at Massachusetts Institute of Technology (M.I.T) in 1931. The second was at Harvard, dating back to 1943. The first review of business education that has been reported in the public domain was from University of Pennsylvania in 1931. This report stated that schools of business should establish a genuine discipline to be credible. Carnegie Foundation brought out a report on management education in 1959. Business education has a long history in India dating back to the 19th century. Early business schools were focused on the commercial side of business, seeking to fulfill the colonial administration needs of the British government. Their graduates joined the British government colonial bureaucracy, usually at the clerical (“babu”) rank. India’s first business school - Commercial School of Pachiappa Charities – was set up in 1886 in the southern city of Chennai. In 1903, British government initiated secondary school level commerce classes at the Presidency College in Calcutta, with a focus on secretarial practice/business communication (shorthand, typing, and correspondence) and accounting. The first college-level business school was founded in 1913 in Mumbai (Sydenham College), and was soon followed by another in Delhi in 1920 (Commercial College, later renamed as Shri Ram College of Commerce). These business colleges imparted basic skills about the principles of trade and commerce to clerks and supervisors from different fields such as banking, transport, and accounting. After India’s independence in 1947, business education, which was associated with “babu-ism” and therefore lacked a strong social status, started to evolve. In an attempt to enhance vocational skills, the Government of India introduced commerce as a third stream of specialization at the high school level, science and arts being the other two. Early business schools were focused on the commercial side of business, whose graduate would serve the British. It was however, much later that a distinction was made between the commerce and management aspects of business education.
In 1950, the Department of Commerce of the Andhra University started the first M.B.A programme in India. India’s first management school, "Indian Institute of Social and Business Management" was established in 1954. It was followed by Indian Institute of Management at Calcutta (1961) and Ahmedabad (1962), established in collaboration with Sloan School of Management and Harvard Business School, respectively. The year 1970 witnessed a development of IIM Bangalore, Institute of Rural Management- Anand (IRMA) and entry of host of private funded business schools.

As mentioned above the IIMs were not the pioneers of management education in India; they were preceded by departments of business administration (management education) in the 1950s in the four metropolitan universities of Bombay, Delhi, Calcutta and Madras. The best known of these are the Faculty of Management Studies in Delhi University and the Bajaj Institute in Bombay. Another IIM was established at Lucknow on 1986 and later at Indore and Kozikode, as of now India has closed 1100 institutions in management. In the last few decade since 1991 number of MBA programmes offered has registered 800% growth, BBA 19%, but Ph.D in management a meager 4 % in the country.

The IIM name had become a respected brand because getting into them was a guarantee of the best job placements. But the new IIMs benefited from using the name though they had no track record to show for it. Government ownership enabled this to happen. Funds were no problem and sprawling sylvan campuses, acres of built-up space, vast libraries and computer installations were the norm for all of them. The recent ones, Lucknow, Indore and Kozikode got their Directors and many faculties (though financial support was only from government) primarily from the older IIMs. What were common to all, apart from the physical infrastructure were significant annual government grants to make up deficits. Other sources of income were from fees for application forms for the CAT (Common Admission Test).

The older ones had large numbers of teachers, a low student-to-teacher ratio and excellent campuses. They attracted the best and brightest in the country from a variety
of disciplines (dominated by engineering). All this made them attractive to companies as recruiting grounds for new managers. They also made them the preferred locations to train their managers. The brand name gave the new IIMs an advantage in conducting management development programmes for companies and charging premium course fees for such short term programmes.\(^3^7\)

Management was a buzzword (like engineering for decades after independence, I.T., biotech and computers today) and an education in it was expected to guarantee a lifetime comfortable and well-paid jobs. That is why the brightest young people from all disciplines tried to get into IIMs and failing that, into other management schools. Over the years, management education overtook the Indian Administrative Service (I.A.S.) and the central services in its attractiveness to bright young people who were put off by the indignities inherent in government service for poor legitimate earnings.\(^3^8\)

IIMC was helped at the start by MIT. Its first two Directors were distinguished professional managers from industry, though all subsequent ones have been pure academics. It is considered "quantitative", meaning oriented to mathematics and numbers. Its early years were beset by the unrest that gripped Calcutta under the Naxalite and Communist Party of India, CPI (M) menace of the 1960s and 1970s there was considerable indiscipline even among faculty. Despite distinguished Directors like K T Chandy and Krishna Mohan, it could not gain the stature of IIMA. In subsequent years as the political scene stabilized, the Institute made progress, especially after it got its own campus, insulated from the hotbed of revolt that was Calcutta.\(^3^9\)

IIMA was nurtured by the Harvard Business School and had close attention in the early years from distinguished Harvard faculty. They introduced the case method of instruction to India. The case method is particularly suited to teaching subjects like marketing, organization behavior etc. unlike accounting or engineering with single answers to every problem. Ravi Mathai, first Director, was a talented professional manager with vision who set excellent precedents now proven over time. All
1.2.2 Types of Business Schools in India

In accordance with the brief review made in section 1.2.1, the business schools in India can be classified into six categories. These categories are listed below:

1. Indian Institutes of Management (IIMs) set up by the Government of India.
2. University departments of management studies.
3. Colleges (government or private) affiliated to universities.
4. Private or government institutes approved by the All India Council for Technical Education (AICTE).
5. Private colleges or institutes neither affiliated to any universities nor approved by AICTE.
6. Private colleges or institutes offering MBA programmes in India in collaboration with foreign universities, where the foreign university awards the degree.

Among the six categories of business schools in India, the highest rated in terms of quality are the Indian Institutes of Management (IIMs). Currently there are six such institutes in the country, set up by government of India, which (in the order of their establishment) are at Calcutta, Ahmedabad, Bangalore, Lucknow, Kozhikode and Indore. One of the main reasons for the success of IIMs is the near-total autonomy granted to them by the government. In other words, the management of these institutes is almost completely separated from the ownership. Though the institutes are fully owned by the government, the latter does not get involved in their day-to-day management. Once the government appoints the board of governors, the governance is left to the board. The chairman of the board and a large number of its members are from the industry so as to facilitate the Institute’s interaction with the industry, who are the clients for management institutes. This would help in ensuring the relevance of the institutes’ offerings to the industry. As there are very few bureaucrats on the board, there is no undue influence of the government and the bureaucracy in the decision-making. The Head of the institute the Director is an academic, and he along with the internal committees and chairpersons of various programmes and activities is the effective decision-maker in the institute. Student admission norms are partly common to all the six institutes and partly specific to each
subsequent Directors have been in academics. The first two Chairpersons were Vikram Sarabhai and Prakash Tandon; both extraordinarily gifted men who gave firm but gentle governance to the Institute. The Gujarati culture of non-interference by government in business extended to the IIMA as well. This also helped IIMA in its early years. However, it seems to have become de rigueur for the Director of IIMA to be a Gujarati, as it seems to have become in IIM Calcutta where they have for some time now been Bengalis.  

IIMB had no foreign collaboration and was wholly indigenous. It got lost in its early years by seeking to specialize in the public sector and public services, while imposing work experience as a prior qualification for admission. Both attempts were failures and IIMB has not developed a reputation for scholarship, research or any special competence in management of public services, infrastructure and public enterprises. But it is ranked high in every ratings survey. Perhaps this is because it is in the 'garden city', also India's booming 'silicon valley', its fabulous infrastructure and being close to the most successful IT companies in India.  

The more recent IIMs also have these advantages of great campuses, ample funds for facilities and very low faculty-to-student ratios.  

Despite being new, even in their early days they rated high in surveys of management schools. Unlike IIMA and IIMC, all the others have from the outset been directed by pure academics.  

The output of research, publications and case writing by management teachers in the new IIMs and by and large even in the old IIMs is small and rarely of any high quality. But it is not the caliber of teachers that positions IIMs and management education in general, as preferred destinations for bright students. It is the job prospects that make the difference.
institute. These norms are evolved after intense deliberations within the relevant faculty bodies and are strictly adhered to. Such procedures and the strict adherence to norms ensure the quality of students admitted. In order to ensure the quality of the faculty, there are rigorous norms about their qualifications as well as research and publication credentials. All the courses are designed, taught and evaluated by the concerned faculty and therefore there is a lot of flexibility, which allows the faculty to incorporate the latest developments in the field into the courses. At the same time, the relevant internal committees so as to ensure highest quality standards periodically review all courses and programmes. It is the grant of autonomy at various levels coupled with rigorous norms of implementation as well as review process that has helped IIMs to maintain world-class standards of management education in India. Such quality and reputation are reflected in the job-placements, with high pay and prestigious positions offered to IIM graduates not only by Indian companies but also by reputed international/multinational companies. The further good news for the potential participants of IIM programmes is that such high quality education with prospects for great careers comes at a relatively low cost of less than Rs 5 lakhs for two years. Moreover, no meritorious students admitted to this programme will be deprived of the opportunity to study for want of money, as there are loans and scholarships available to support the needy students.

The second and third categories of institutions (namely, university departments and colleges affiliated to universities) operate under similar conditions. Since the courses, in these cases, are designed and monitored by the respective universities and they award the degrees, the quality of these courses would largely depend on the quality and reputation of the concerned university. In the case of private colleges affiliated to the university, the managements of these colleges would also have a significant influence on the quality of the courses. The significant merit for these M.B.A. Programmes is that there is a university behind them to regulate and monitor their quality. Ironically, however, the very same feature could also work to their disadvantage, as under this system these institutions do not have any autonomy to redesign the course by including newer topics, methods, valuation system, etc. Though there are provisions for such changes within the framework of the
universities, the 'legendary' bureaucracy and the consequent delays in the university system would make it almost impossible for anyone to implement timely changes to improve the quality of the programmes. Consequently these courses would suffer from out-dated syllabi, delays in starting and finishing the courses, poor quality of students, teaching and evaluation, untimely and ineffective placement services, limited or no interaction with the industry, and so on. Notwithstanding these, there are a few university departments and affiliated colleges that are able to deliver MBA programmes of reasonably good quality and reputation.

The fourth category consists of colleges or institutes that do not have any university affiliation but have an approval for their courses from the All India Council for Technical-Education (AICTE). For some mysterious reason (known only to the bureaucracy), the task of regulating and monitoring management education has been given to the body created for monitoring technical-education. This in itself is an anomaly, which according to several experts have to be rectified immediately by creating a separate regulatory body for management education, comprising experts in the field of management rather than technology. What is being questioned is not the competency of the technology experts in their fields. They would, of course, do a good job of regulating technical education. However, if such a body is to regulate management education in the country, there could be issues of competency as well as orientation. For a body that is created to oversee the engineering and allied courses (which largely outnumber the management courses), management may become a relatively unimportant appendix. Even otherwise the system of approvals is increasingly getting ritualized. Besides, there are a few institutions that try to secure approvals using less than ethical methods of influencing and politicking. It should, however, be mentioned that AICTE has in recent times done a lot of improvements in the norms and procedures for these approvals. In spite of such efforts, the system itself remains partial and intermittent. For example, AICTE checks only on the physical infrastructure, faculty, library, computer centre, etc, and not on the syllabus and the teaching/evaluation methods. Moreover these checks are done only once in a while when the institutions seek to obtain or renew the approval. Thus, while the absence of regular monitoring could be a major source of weakness for these
institutions, that can also become a source of strength for the competent and well-intentioned ones among these institutions. This is a paradox of what we had discussed in the context of the second and third types of institutions above. The absence of regular monitoring gives a lot of autonomy to these institutions, and therefore the competent and well-meaning ones among them are able to significantly improve the quality of their programmes through their innovative actions and initiatives.

The fifth type of institutions is the freest of all. They do not seek any university affiliation or approval by AICTE. Their success is measured only by their market acceptance. Their graduates will have to find jobs based on the intrinsic worth of their learning rather than the external recognition or approval. This would surely exert a lot of pressure on the management to continuously improve the quality of their programmes so that they would be acceptable to potential employers. They would also make special efforts to keep alive their interaction with the industry. The major problem with this system is that absolute freedom may lead to absolutely irresponsible behaviour. The focus of their efforts may shift to a mere public relations exercise to keep the market in good humor rather than to promote intrinsic learning. Besides, as these courses do not have any recognition, approval or accreditation, students passing out of such institutions may not be able to go for further studies in other institutions.

The latest trend in the field of management education in India is the emergence of collaboration with foreign universities and institutions. There are different kinds of collaboration ranging from exchange of students and teachers, through adoption of course design and syllabus, to operating teaching centers. The last type -- operating teaching centers -- is becoming increasingly popular primarily because of the cost advantages for the foreign university. In this model, local teachers, with the arrangement that the degree will be awarded by the foreign university, teach the course of the foreign university. Though the design and syllabus of the course are of the foreign university, there could be deficiencies in the local delivery system, which might adversely affect the quality. It is primarily because of the difficulties in
regulating and monitoring the quality of such courses that these are not given any recognition in India. However, many of these courses thrive on account of market acceptance and recognition abroad. Students, therefore, are advised to join such courses only after thoroughly checking the credentials of the foreign universities offering these courses. Similar is the case of distance education programmes offered by such universities, especially through the electronic media.⁴⁴

1.2.3 Growth of Management Education in India

The growth of management institutions in India in recent times has often been described as a ‘mushrooming’ growth, suggesting that it is mainly in terms of numbers and often at the cost of quality.⁴⁵ Data on the number of institutions established in India from 1950 to 2000 (Table 1.2) suggests clearly that the increase in numbers of B-Schools are mushrooming.

<table>
<thead>
<tr>
<th>Period</th>
<th>No. of B-Schools added</th>
<th>Average annual addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1980 (30 years)</td>
<td>118</td>
<td>4</td>
</tr>
<tr>
<td>1980-1995 (15 years)</td>
<td>304</td>
<td>20</td>
</tr>
<tr>
<td>1995-2000 (5 years)</td>
<td>322</td>
<td>64</td>
</tr>
</tbody>
</table>

From the fig 1.1 it is crystal clear that the maximum addition in B Schools occurred in the last 5 years (i.e. 1995 – 2000) or we can say that in the last 5 years on an average 64 B Schools came in to existence.

It can be put in other words that the numbers are growing quite fast, and are accelerated due to the economic liberalization initiated in the country in 1991. With the growing numbers, concerns about the quality of management education provided by them are also growing. The differences in quality arise primarily from the fact that these schools are started under different ownership, management and/or accreditation system.

As of March 2002, India had more than 1100 B-Schools, which churned out 65000 MBAs. Europe had only 338 B-Schools. The number of MBAs coming out of these management schools focused on:

- Market research and its relevance of the industry
- Executive Development Programme
- In house development of manager in the companies and
- Consultancy to industries
Rapid growth of business enterprises, service organization etc has created the need for better professionally trained managers. Hence, the mushrooming of management institutes. Students are more and more inclined to do M.B.A programmes because of the increased perceived value by the industry and employers. Fierce competition, pressure of innovation and uncertainty require that companies would have to be more focused and consistent in their operations. This necessitates more qualified management professionals in the market.

Business education has become a big business across the world. It is estimated that the global corporate education and training market is around US$22 billion. It is growing at about 10-12 percent per annum. The growth of business schools in our country has also been phenomenal. In 1990, we had less than 100 business schools. In 1991, we had nearly about 700 B-Schools and today the figure is over 900. This manifold increase was in response to meet the huge demand for professional managers. Management is the most sought after profession in this country today. Over six lakhs graduates seek admission to management education as against 2.2 lakhs for Indian Administrative and allied services^46.

However, these schools are actually displaying poor business sense. They are ignoring their real customer, the corporate recruiters. That could be fatal since only the continued patronage of corporate, translated into job offers for their graduates, will earn the B-Schools a reputation among prospective students. The B-Schools are not sufficiently in touch with the real world, and the pace of change, which is challenging management thought today, is threatening their credibility. As a result the gap between the demand and supply of top class MBAs is widening steadily.

1.2.4 Concluding Remarks
In the era of globalization, many forms of business organization have changed. The sectors, which were traditionally held by the government, are no more in the hands of the government. So far as the education sectors are concerned, government is suppose to provide education to the masses. However government has started withdrawing
from this priority sector. The market orientation of education services didn’t require because demand is more than the supply and government didn’t allow private trust to enter into. But the situation today is totally different as this sector is now privatized. Privatization brought competition and competition demand market orientation. Educational institute characterized by inseparability, perishability, heterogeneity that demands different marketing mix to be addressed. The traditional 4Ps of marketing mix given by McCarthy is not enough in addition to these 4P’s another 3 Ps need to be added i.e. People, Process and Physical infrastructure. Competition will not allow any carelessness and lethargic approach. This rule is equally applicable to education sector in general and management institute in particular.

Management education all over the world is considering being the most versatile and lucrative career option for the bright young students from various disciplines. The history of management education revealed that the growth of management education is multiplying in tandem with the economy growth of the country. There exist many forms/ types of B-Schools in India which have come-up to cater the need of the society in general and corporate houses in particular. The format, culture and leadership of the B-Schools play a significant role in developing the name & fame of the B-School and also imparting the contemporary management education. The growth which we are witnessing is a sign of progress but the deeper analysis reveals certain grey areas like poor quality of research, lack of vision, poor infrastructure, etc need to be addressed properly.
References


2 Ibid, p-25


6 Ibid-p-21


8 Ibid-p-45


10 Wragg, E.C, "Humanity loses out in competition", Times Educational Supplement, 10 September 1993 pp-18


12 Ibid Pp 53-70


14 Classification by Thomas T. from Lovelock C.H. Classifying Services to Gain Strategic Marketing Insight, Journal of Marketing summer pp 11-12, 1983

15 Rakesh Khurana, Madhulika Kaushik and Kamal Yadava ‘Marketing of Services-Concepts and Applications” School of Management IGNOU, Pp-175-190
Chapter-I

Overview of Marketing of and History of Management Education.

16 *Ibid* Pp 170-190

17 *Ibid* Pp 170-190

18 *Ibid* 170-190

19 Rakesh Khurana, Madhulika Kaushik and Kamal Yadava *Marketing of Services-Concepts and Applications* School of Management IGNOU, Pp-180-182

20 Rakesh Khurana, Madhulika Kaushik and Kamal Yadava *Marketing of Services-Concepts and Applications* School of Management IGNOU, Pp-182-190

21 Rakesh Khurana, Madhulika Kaushik and Kamal Yadava *Marketing of Services-Concepts and Applications* School of Management IGNOU, Pp-180-190

22 *Ibid* 182-190

23 Ibid 182-190

24 Ibid 182-190

25 Ibid 182-190

26 Ibid 182-190


33 Ibid p-7


35 Ibid Pp 1-40

36 Ibid Pp 1-40

37 Ibid Pp 1-40

38 Ibid Pp 1-40

39 Ibid Pp 1-40

40 Ibid Pp 1-40

41 Ibid Pp 1-40

42 Ibid Pp 1-40

43 Ibid Pp 1-40


46 Navjit Gill "Best in Class" Business World 25 September 2003, Vol-23, issue-17