

# Management Education in India

Manish Thakur · R. Rajesh Babu  
Editors

# Management Education in India

Perspectives and Practices

 Springer

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*To Teesta*

—Manish Thakur

*To Aradhana*

—R. Rajesh Babu

# Foreword

On the face of it, business schools have never had it so good. The Indian Institutes of Management (IIMs) in India, for example, can pick and choose their students from among a quarter of a million aspirants, and they can place their graduating class of several hundred students in a few days; the starting salaries offered to their top graduates are what successful executives in many industries reach after two decades or more of grinding hard work. Then, what merits this book of introspection from faculty members of one of the leading business schools in India and in the world, the Indian Institute of Management Calcutta?

A bit of history may help us see in perspective some of the questions that the authors raise. The IIMs were started in the 1960s as the driving force, together with public sector enterprises such as Hindustan Machine Tools and Bharat Heavy Electricals, to take Indian industry and India from family-owned or colonial companies into the modern era. They were supposed to do this by following the principles of management first enunciated by Alfred P. Sloan, who for 20 years starting from the mid-1930s ran General Motors and took it to being the largest private sector business in the world. For Sloan, the “professional” manager was a person who was supremely rational, would operate only with “facts,” not intuition or gut feel and would see his main role as that of supervising the creation and review of annual operating budgets and things like that. Delegation of authority was the creed, and centralized decision-making was seen as a remnant of feudal times. Bureaucratic types of organization were seen as technically superior to all other forms of administration just as machine-based manufacturing was seen as superior to handicraft methods. IIM curricula were stuffed with courses that reflected this philosophy. And its students would go out and “modernize” India.

What changed the game for business schools was the sudden deregulation of the financial services industry in the mid-1980s. In England, this was the result of a disappointment with Keynesian state-investment-led attempts to drive growth of the economy. There was a wholesale sudden deregulation of the London financial markets in 1986 by Margaret Thatcher, described by the phrase “Big Bang,” which included a change in the London Stock Exchange from open outcry to electronic,

screen-based trading. The USA, under Ronald Reagan, followed with a number of legislative measures that allowed deposit-taking banks to enter riskier activities like investment banking, followed by the explosion in private equity in the same period when pension plan and endowment funds were allowed to invest a small part of their trillion dollar holdings into private equity and leveraged buyout funds. The explosion in demand for analysts from investment banks and management consulting companies that these events created changed the face of business schools worldwide, including the IIMs. The best-paying jobs were from then on in the financial services and management consulting industries. The demand from these two industries for management school graduates galloped for the next two decades only to pause for breath with the Wall Street Crisis of 2008.

Since then, there has been a flurry of soul-searching articles by respected practitioners and business school professors. For example, a study done by the prestigious U.S. management consulting firm, Monitor, found that “people hired from high-end business schools were no better at integrative thinking than undergraduates hired from the top-notch liberal arts programmes.” Jeffrey Pfeffer of the Stanford Business School wrote that much of what business schools teach—analytical tools like statistics and basic disciplines like economics and sociology—are readily learned and imitated by any intelligent person and that what business schools need to teach are things such as communication ability, interpersonal skills, leadership and, most importantly, “wisdom”: the ability to weave together and make use of different kinds of knowledge. Others such as Warren Bennis and James O’Toole (their article in the *Harvard Business Review*, “How Business Schools Lost their Way,” is much quoted in this debate) say that there is actually a crisis in management education and trace this to business schools attempting to adopt a “scientific model.” The latter model treats management education as if it were something like physics or chemistry or biology, whereas it is, in their view, more a “profession” like medicine or law.

The present book is best viewed as another contribution to this process of soul searching that the business school community is going through. The contributors to this book raise some fundamental questions:

- Are “managers” merely cogs in a vast bureaucratic enterprise, merely that class of people whose role is to “manage” the resources of an organization on behalf of its shareholders?
- The Indian business school origin story was the post-war admiration of all things American and consequently the vast majority of cases and textbooks used in business schools, even at the IIMs, are American. Is it time to correct this imbalance?
- While most classical disciplines, even macroeconomics, assume that societal welfare maximization is the ultimate goal, the teaching of “management” disciplines seems to assume the primacy of shareholder value maximization. Does this perspective need to evolve by bringing in issues like sustainability?
- In management schools today, there is a preference for models that are derived rigorously from the premise of utility maximization. In doing this, they seek

answers rather than questions and want to learn about opportunities rather than constraints. Do we need to borrow from disciplines such as sociology and teach our students to question rationality and to look for the unexpected leads and to believe that causation is complex?

- While individual scholarship in individual disciplines, for example the teaching of business history, is flourishing within business schools in India, should we seek to develop professional associations, such as a business history association that will provide an institutional support for each discipline?
- While a wide variety of disciplines flourish within Indian business schools, the teaching of law is pursued only in a handful of institutions. Are we creating a large set of students unaware or unappreciative of the practicalities of engaging with law or who are yet to move beyond the “constraining” aspect of law and consequently teach them to view law as an “enabler” to business?
- How do we change the general view of communication skills as taught in business schools from that of teaching our students to speak the Queen’s English to what it truly is: the teaching of a framework for persuasion and argumentation?
- The quantitative skills of our students are well appreciated in industry: the CAT examination imposes high standards on quantitative thinking and the vast majority of students have engineering backgrounds. Yet, industry, except perhaps quantitative analysts in the financial services sector, apparently does not see the relevance of the advanced techniques we equip our students with. Is the answer to create research centres which will develop case studies that demonstrate the practical applications of such techniques?
- Finally, the eternal quandary of all education: Do you merely give students the skills and attitudes to fit into today’s immediate world or do you equip them with the skills and critical thinking that will allow them to change today’s world for the welfare of society in general?

Ajit Balakrishnan  
Chairman and Chief Executive Officer of Rediff.com India Ltd.,  
Chairman, Board of Governors, Indian Institute of Management  
Calcutta

# Preface

This book has been in the making for a long time. In fact, the idea for the book emerged during our participation in a two-day convention on “Management Education in India” held on November 14–15, 2010, at the Indian Institute of Management Calcutta (IIMC) to mark the inauguration of its year-long Golden Jubilee celebrations. Both of us were relatively new to the IIM system, having been around only for 2–3 years as newly recruited faculty members at the institution. Both of us had come from the mainstream university system. Also, both of us belonged to historically well-established academic disciplines (law and sociology) with undefined relevance for management curriculum. Yet, we were overwhelmed by the encouraging collegiality that we found in the working of the institute. For us, it was quite refreshing to be part of a less hierarchical and largely egalitarian community of peers. We were eager to know almost everything that our institute did or intended to do. We would zealously participate in all the meetings held at the institute—big and small, formal and informal, fresher’s welcome and farewell parties, research seminars and teatime gossip, big conferences and thinly attended lectures. In a way, we wanted to make sense of our vocation, our institutional location, our academic and professional engagements and the ways in which we could realize institutional expectations as well as our individual aspirations.

The convention exposed us to diverse range of views concerning management education. These views came from different stakeholders from the worlds of academia, business and industries, and the government. And the views often did not converge and at times, discordant voices added to our existing confusion. For example, we did not know how to react to Deepak Nayyar’s (a former professor of IIM Calcutta) plea for aligning management education with the need for continual scholarly scrutiny of contemporary capitalism as it evolves over time and space. Or for that matter, Barun De’s (the eminent historian and a former professor of business environment at IIM Calcutta) idea of a management institute being the site for collective resistance to the hegemony of the American business school curriculum. Or Ishwar Dayal’s (a former professor of IIM Ahmedabad) unrepentant advocacy for distinctive paths for individual institutes in synch with its context and milieu.



Questions of similar nature made us realize the multidimensional nature of management education and its contested claims. We thought it would be prudent to engage with these issues in a much more collaborative fashion. That is when the ideal of the book took shape. When we shared our idea with colleagues at the institute, we found them quite encouraging. To our pleasant surprise, we found in them more than mere contributors to the volume. They were intellectually involved in the project as a whole. They deserve our gratitude for making it happen.

Ajit Balakrishnan, Chairperson, Board of Governors of IIM Calcutta, graciously accepted our request to write a foreword to this volume. We are grateful to him for his support. We thank Saibal Chattopadhyay, Director, IIM Calcutta, for his constant encouragement.

Anindya Sen, Biju Paul Abraham and Rajesh Bhattacharya were generous with their time in reviewing of some of the chapters. We owe very much to our colleagues and students at IIM Calcutta for keeping us intellectually engaged with some of the questions that we have attempted to address in this volume.

Shinjini Chatterjee and Shruti Raj at Springer were pleasure to work with and we very much appreciate their patience and meticulousness. We thank the two anonymous reviewers for their valuable comments and feedback.

Kolkata, India

Manish Thakur  
R. Rajesh Babu

# Contents

<b>The State of Management Education in India: Trajectories and Pathways . . . . .</b>	<b>1</b>
R. Rajesh Babu and Manish Thakur	
<b>Part I Management Education: Locations and Hierarchies</b>	
<b>A Postcolonial Critique of Indian’s Management Education Scene . . . . .</b>	<b>23</b>
Nimruji Jammulamadaka	
<b>From Management Institutes to Business Schools: An Indian Journey . . . . .</b>	<b>43</b>
Anup Sinha	
<b>Management Education in India: Avoiding the Simulacra Effect . . . . .</b>	<b>55</b>
Abhoy K. Ojha	
<b>Part II Disciplines in Management</b>	
<b>Maslow or Mahabharat? Dilemmas in Teaching Organizational Behaviour in Management Institutes of India . . . . .</b>	<b>81</b>
Jacob Vakkayil	
<b>Management of Mathematics or Mathematics of Management: Quantitative Methods in Management . . . . .</b>	<b>91</b>
Megha Sharma and Sumanta Basu	
<b>Teaching Economics in a Management School: Some Personal Quandaries . . . . .</b>	<b>111</b>
Partha Ray	
<b>Business Cannot Be as Usual: Business Ethics Education in India . . . . .</b>	<b>127</b>
Bhaskarjit Neog	

**Keeping Up with the Finishing School Myth: The Role of Communication in Contemporary Indian Management Education** . . . . . 141  
Pragyan Rath

**Law and Business: Comparative Perspectives** . . . . . 159  
R. Rajesh Babu

**(Invisible) Disciplines: Sociology and Management** . . . . . 183  
Manish Thakur

**Business History: Travails and Trajectories** . . . . . 201  
Rajesh Bhattacharya

# Editors and Contributors

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# Abbreviations

AACSB	Association to Advance Collegiate Schools of Business
AICTE	All India Council of Technical Education
AMBA	The Association of MBAs
CAT	Common Admission Test
CSR	Corporate social responsibility
EQUIS	European Quality Improvement System
IIM	Indian Institutes of Management
IIT	Indian Institutes of Technology
MBA	Master of Business Administration
MHRD	Ministry of Human Resource Development
NIRF	National Institutional Ranking Framework
NKC	National Knowledge Commission
PGDM	Postgraduate Diploma in Management
UGC	University Grants Commission