

Industry-Academia Convergence: “Bridging The Skill Gap”

Management Education In India-A Case Study

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INTRODUCTION

THE CONTEXT- NEED & SIGNIFICANCE

Although India's higher education system contributes about 350,000 engineers and 2.5 million university graduates annually to our workforce, yet at any given time, about 5 million graduates remain unemployed. According to a survey conducted by McKinsey Global Institute, it has been observed that MNCs find only 25 percent of Indian engineers employable, whereas a NASSCOM report foresees paucity of 500,000 knowledge workers by 2010. India warrants for over 10,000 PhDs (predicted by UR Rao Committee) and twice as many M. Tech degree holders for satisfying the growing needs of R&D but in reality, India produces only 400 engineering PhDs a year. In view of the prevailing scenario, the government has been investing massively in education and training as a proportion of national income. However, appropriate endeavor has not been made to address the direct needs of the corporate sector. Today, what we are witnessing is that, many employers engaged in both public and private sector are making whooping investment for the development of their own workforce. At the same time, they are also expecting that publicly funded provisions and initiatives meet their requirements. Hence, this calls for effective intervention for comprehending the employer needs, variable sector specific skills, training requirements for improving business performance, articulation of business expectations in education institutions and engagement of industry leaders with higher education institutions.

PERIOD OF THE STUDY

The study covers a period of eighteen years starting from 1990 onwards till the year 2007-08. The study under consideration has been specifically chosen during this period as Government has initiated massive reforms, which has touched almost every sector including the education sector in our country.

THE CHANGING HIGHER EDUCATION SYSTEM IN INDIA

a) Massification of Higher Education

In the present scenario, especially over the last two decades, there has been a mounting awareness regarding the role and responsibility of education and with it, a growing concern in numerous countries with regard to manner according to which educational systems were organized and administered. The possible reasons for the stimulation of this concern was the transformation of education from an elitist pursuit to a mass activity. As elementary and secondary education became universal in most of the developed countries, higher education also got metamorphosed into a mass education initiative. It is due to this transformation of higher education into a mass education system that inevitably raised questions about the ways in which it was being organized and managed.

b) Management of Education

With regard to management of higher education, it was recommended that patterns encompassing structures, roles and responsibilities of different university bodies should be reviewed in the light of emerging demands on the university system and with a view to promote the evolution of new, competent and more robust management systems. The Committee appointed by UGC in the pursuit of the directives laid down in the National Policy submitted its report in 1990, whereby it dealt with a slew of issues enmeshed in the overhaul of university management. Moreover; it also advocated certain alternate models of management for universities depending upon their type. For instance,

- Unitary university that has no colleges affiliated to it will have a two-tier structure comprising of the Executive Council and the Academic Council,
- Large affiliating universities will have, over and above, traditional bodies of Senate, Executive Council and

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Academic Council, and a Collegiate Council to decide academic matters relating to the colleges.

c) Expanding Horizon of Higher Education

All these developments had provided two major outcomes: first, it became indispensable to inculcate greater professionalism in the administration of education, and second, education began to look for good practices outside its own purview to improve its efficiency image. Hence, it is obvious that today, we all are experiencing several facets of modern management practices being gradually advancing towards the field of education. Planning, strategic development, performance measurement, quality improvement, professional development, institutional and cultural change, resource mobilization, marketing, public relations- all have become a strategic weapon in the hands of today's education manager.

d) Indian Models of University - Industry Linkages

It was observed in a study sponsored by Alfred P. Sloan Foundation and the National Academy of Engineering that the academic research in a single discipline often adds to more than one industry and reciprocally, single industrial innovation is usually the outcome of corresponding advances in multifarious fields of research. A major threat for the universities is to keep pace with the swiftly changing research and human resource needs of the industry.

e) Focus Areas For Higher Education Institutions

Through various research and deliberations between prominent industry and academic institutions, consensus has been made that the institutions should concentrate on:

- Ensuring curriculum adaptations moves in conformity with the changing pace of Industry;
- Building up relationships with industry and career advisors;
- Tailor made education for the unemployed in shortage areas, for Small and Medium size Enterprises (SMEs);
- Collaborate for evolving "Learning Models" ;
- Gradual advancement of Joint Academic – Industry Degree Models;
- Unfolding research based teaching material;
- Alumni networking and developing broad based relationships, not one of associations;
- Mutually enabling processes for building capacity of the faculty, students and the companies; and
- Investigating systematically with regard to endowed chairs in specific areas of management.

THE BUSINESS PERSPECTIVE

Dearth of talent in India is hitting the bottom line of business, which can be closely observed with the increasing attrition rates of skilled manpower and wage inflation in various business verticals. This situation is further intensified by the growing demand for skilled and semi – skilled manpower in various sectors.

For evolving models of partnerships and for providing value to the altering employment patterns is imperative to recognize the sectoral needs. In some sectors, jobs may shrink due to technological change and varying patterns of consumer demands, but it may happen that in other sectors, those factors may facilitate in providing new jobs. Diagnosing the impact of economic trends on employment patterns calls for a strong sector perspective. Despite firms engaged in beating others and having a different structure, those engaged in the same line of business sector often share common business problems as they utilize similar technology. As there are skills which are similar to each other, firms should try to acquire from their own sector, the ingredients of good business practice. These similarities are significant due to the following reasons:

- Typical business trends lead to changes in the skills requirement which may be similar within sectors;
- Providers of education and training can effectively fulfill the sector specific knowledge and skill needs;
- Businesses can become more profitable if they possess competent employees.

In strategic organizations, sector specific skills:

- Drive the workforce skill development in their sectors that enhances profitability, growth of business and employability;
- Fabricating sector specific unrivalled intelligence and analyzing the skill needs for dealing with the changing and future requirements;
- Framing strong links between employers and higher education institutions; and
- Share winning business cases to judge skill investment and the effective use of manpower.

MANAGEMENT EDUCATION IN INDIA – A CASE STUDY

India and a host of other developing countries are experiencing paucity of human intellectual capital that plays a

pivotal role in managing and sustaining their rapidly changing economic enterprises and capital markets. India's dynamic culture, English speaking talent and budding economic power have all stimulated its business schools (B-schools) to branch out their programs for making students conversant with the upto date technologies and for evolving cross –cultural adaptability through off campus activities. Expediting the development of B-schools is crucial to fulfilling the intellectual gap between developed and developing countries .B –schools, through their novel educational programs, try to train global managers and leaders so that they can collaborate and view the world through a global lens.

a) KNOWLEDGE CREATORS, NOT JUST KNOWLEDGE DISSEMINATORS

For any management institute, Industry – Institute interface is a crucial aspect as it adjudges the ability of the institute for becoming an acceptable brand, hence it has to be sustained as it is beneficial for both. The industry can enhance its productivity by deriving the knowledge base from the management institutes. On the contrary, management institutes can derive advantage from the field experience and the practical exposure through industry projects, guests' lectures and also by attending and participating in seminars.

It is vital to comprehend the aspirations which the industries used to have from the management institutes by imparting practical industry relevant education, so that fresh graduates can easily hold the position as managers. The concept of industry interface can also be materialized through faculty exchange programmes–industry experts should serve a term in the management institute and/or it may also happen that the faculty members can join the industry for imbibing right ingredients with regard to case studies and for conducting training programmes in future. This study primarily pertains to the curriculum, pedagogy, and faculty profile, student quality, perceptions on overall performance and hence, an attempt has been made to figure out the gaps that exist between the industry and management institutes.

b) GAPS IN THE INDIAN HIGHER EDUCATION SYSTEM

Most of the times, the company executives are experiencing incongruity prevailing between their anticipations from the management students and what has been provided to them as educational inputs. Some of the gaps which have been detected are listed below:

- **Lack of Industry Orientation** – It implies that the essence of the system still treads on the beaten path of examination based evaluation processes and not project based assessments;
- **Rigidity** – As it is well known, our educational institutes work within the ambit of UGC's norms and the idea of re-evaluating is ironclad.
- **Lack of Attention Towards Pure Sciences** – Countries like China and Vietnam have been focusing on the same, recognizing the significance of the ITES in a post-industrial economy.

c) INDUSTRY VIEWS

i. IMPROVEMENT AREAS IN MANAGEMENT EDUCATION

NMIMS carried out the study regarding the aspirations which the industries have from the Indian management schools. Some micro-level observations of the study can be enumerated as follows:

- It was sensed that **Dual specialization** should be allowed for marketing and finance, as these were considered symbiotic; hence, thorough understanding of both is vital.
- **Focus on basics/foundation of a subject** is considered very important. Such a curriculum should be developed which incorporates modules for inculcating attributes like passion, dedication, and integrity among students.

ii. Adequate focus must be put on personal development of students, infusing them to hold membership of associations and also for attending national seminars. It was observed that classroom learning was poorly retained by the students due to the fact that the faculty did not adapt to the desired learning style of students which varied depending upon the students' academic background/ knowledge base/ work experience.

iii. Greater industry interaction was seen as the key to bridge the gap between books and reality: Students should be motivated to evolve new models and try to think like managers, which can only be possible if they are application oriented. They should keep themselves abreast with the latest happenings about the industry/environment.

iv. CURRICULUM

• **The curriculum should be finalized in consultation with industry experts and reviewed frequently:** The faculty should keep in touch with the industry on a regular basis, to bridge the gap between theory and practicability part by bringing in live cases to the institute. In other words, effective role-plays and relevant case studies is the need of the hour. Mr. Ajay Piramal, the Chairman of Nicholas Piramal (NPIL) was a regular visitor to B- Schools for enriching the students with his experiences. NPIL advocates knowledge enhancement and stimulates training programmes conducted by faculty from reputed foreign universities, as they presume that this practice will accelerate in spreading success stories worldwide.

• **FINANCE**

It was sensed that **Corporate Governance** (Sarbanes Oxley Act of 2002) needs to be more focused upon. It also warrants for an inclusion of application of real-life stories for Economic Value Added and Six Sigma systems and their implications on operational effectiveness. It was also pointed out that ample exposure to retail financing was not given at many institutes.

In the area of **Accounts/MIS/Costing**, a definite gap has been identified. Students were not well versed with the Indian GAAP (Generally Accepted Accounting Principles) and international accounting practices. Hence, CAs have been found to be more competent for jobs in these roles.

In the area of **Treasury**, debt raising (both locally & internationally) abilities, managing cost of funds and leveraging together with strong Forex/ Derivatives, MBAs belonging to renowned institutes were seen to be appropriate. Knowledge of **Taxation**, direct and indirect, updated with judicial pronouncements, notifications, circulars etc. was considered inadequate. In the 'Commercial' function, MBAs were needed for keeping an extra -eye on working capital management.

• **HUMAN RESOURCES MANAGEMENT**

It was mentioned that Industrial Relations, trade unions, labor laws should be replaced by more current and new economy concepts. Global models of **Competency Mapping, Compensation Management** should also be included. In most of the cases, it has been observed that management students are incompetent to work in Training & Development, where assessment of skill gaps has to be done i.e. systematic training needs audit. It is ridiculous to say that "Leadership and Working in Teams", despite being an intrinsic part of the syllabus in most of the institutes, is still a weak area.

• **OTHER MODULES**

Eveready Industries, Calcutta highlighted that **Logistics and Supply Chain Management** and an **overview of International Business** need to be incorporated in the curriculum. Moreover, International agreements signed and their implications should be dealt with as it will provide greater insights to MBA students regarding the diversion of international culture.

v. RESEARCH & DEVELOPMENT

Touch Tel perceives that **Consultancy & Research would contribute towards personal growth of faculty and consequently, of students.** Those who are engaged in industry and didn't have a management background in their case realized that the faculty would be providing immense help to them as consultants. Ernst & Young urged, **'Faculty should conduct Management Development Program (MDPs) where they can constantly interface with the industry.** Actual updating of faculty knowledge can only happen through industry and consulting experience."

vi. INDUSTRY – ACADEMIA – GOVERNMENT LINK

It has been now increasingly realized that students should work for the Public Sector Undertakings -particularly in the context of Industry – Academia – Government linkages. Incentives should be provided to boost the

students to take up jobs with PSUs; government should also reimburse a major chunk of the cost incurred by the student. A respondent stated, "Singapore has a good economy because the best work is done in the Government sector, whereas in India, the rejected students work in the Government sector." Competent and skilled managers for the co-operative and agriculture sector should be emphasized.

Exchange programs must be organized with international institutes. Moreover, there was a strong need for re-education/ specialized programs even for alumni. It may also be done that a semester could be devoted either overseas or in another institutes for expanding the students' vision.

A few powerful 'E'/ VSAT programs should be incorporated which can prove to be a better alternative rather than pursuing MBA from below average institutions. Industry should identify such courses and ensure that candidates enrolled in such courses would put in as much hard work as a regular course student.

vii. GOVERNANCE OF INDIAN MANAGEMENT SCHOOLS

An urgent need was sensed that companies must contribute for accelerating the development of management education. The general trend of discussion advocated that management schools must rely less on government grants.

CONCLUSION

Institutions imparting higher learning must contribute towards society. An exclusive regulatory body for management schools must be set up for regulating, monitoring and ensuring Q&A (Quality & Assurance) in delivery of education.

STRATEGIES FOR CHANGE – A WAY FORWARD

To acquire and to retain skilled human resource for successful commercialization and industrial competitiveness, different strategies have been formulated and adopted by various firms, states, or as a combined effort of both with academic institutions. There is a need for adopting a holistic approach towards reforms in the higher education sector as enumerated below, which can address the issue:

a) IMPROVE GOVERNANCE OF ACADEMIC INSTITUTES AND INDUSTRY LINKAGES

- Establishing a process for compulsory registration of institutions with sector specific professional body encompassing representatives from the industry, academia and the government for ensuring quality in higher education and training in the country. This body should be empowered to grant recognition to those institutions which are following the standards regarding qualified and trained teaching staff, infrastructure, adequately equipped laboratories, etc., as it plays an indispensable role for focused education.

- Providing greater autonomy to institutions in their day-to-day management.

b) BUILD CENTERS OF EXCELLENCE

- Imparting quality oriented training to the scientific and professional pool;
- Investing in the shared facilities like "National Resource Center". Building private and government funded time – share facilities with leading edge infrastructure & repositories of Knowledge;
- Promoting Research Translation Centers in India which will facilitate in transformation of academic research into industrial products;
- Upgrading the present Research Centers to become Centers of Excellence/Innovation Hubs.
- Associating with leading foreign institutes. International linkages should be enhanced for strengthening the Indian capabilities for transferring the new research & development work at national laboratories to the market.

c) EFFECTIVE INDUSTRY INVOLVEMENT

- Ensuring active participation of industry for deliberating upon major policy issues directly related to its concept to commercialization.
- Research grants should be renewed contingent on industry linkages.

- Encouraging academic researchers to commercialize their research findings by promoting academic institutions to interact with an industrial partner for boosting their products.

d) By entering into partnership ventures, academic interaction with industry should be enhanced.

e) ATTRACT TOP TALENTS TO THE FACULTY POOL

- Facilitating additional incentives for enhancing industrial cooperation for boosting the output of faculty/scientists from Tier I research institutes.
- Offering experts greater autonomy to scientists who have settled abroad by launching a “Magnet” Program. In other words, to offer lucrative incentives for high-performing Indian scientists/technocrats to work back in India.
- Permitting scientists to hold part-time positions in the private sector so as to have proper blending of theory and practice.

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