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I would like to highlight three major issues facing the world of business education. These issues are not new, for the most part. They are the result of a classic problem that we business school professors teach our students - change blindness. That is, we fail to recognise gradual changes in the environment. It's a pity that many among us have not taken those lessons to heart and thought about how they might apply to our own universe.

The first major issue is the relentless press towards commoditisation. Lack of innovation and a rush to capitalise on demand has led to the burgeoning of business schools across the country, most of which have nothing new to offer. In a crowded market, there is very little differentiation. The curriculum at most business schools is very similar, focusing primarily on providing exposure to a wide range of functional areas in the first year and then a set of specialisations in the second.

The result is what one might call strategic herding — a tendency to benchmark and copy from each other, and an overall loss of value in the 'industry,' if I may call it that. As a consequence, we are seeing a large number of colleges and universities both in India and abroad closing shop or migrating to other business models. For example, both the University of Illinois at Urbana-Champaign and the University of Wisconsin, Madison, have closed their brick-and-mortar business programmes and migrated completely online.

### **Preoccupation with short-term outcomes**

The second big issue is an inordinate focus on short-term outcomes. Like it or not, business schools, especially in India, are placement factories. Students evaluate ROI based on the percentage increase in salary they earn after graduation relative to what they were earning before, and the fees they pay for it. Nothing wrong with that, and I can definitely understand the mindset at a time when fees at most business schools run into lakhs of rupees. However, this focus on the immediate outcome ignores a basic fact. Are our students prepared for the long game? What happens after they are five years out and the non-linear growth of technology causes their skills to become outdated? What happens when they are called to solve more abstract problems within the organisation, integrating facts across a range of functional areas and incorporating uncertainty? So, the question to ask is whether our business schools treat you like a data point in their alumni database. If so, what needs to change?

The third and final big issue is the lack of resources and support for knowledge creation. Quite frankly, India is woefully behind other countries on research. Countries like the US, China, and even Singapore provide huge resources for developing research skills and productivity. There is no eco-system in India

for knowledge creation. Whoever is productive in Indian academia is likely being so based on raw horsepower rather than institutional support.

Apart from the availability of institutional resources, there is also another barrier, namely, the absence of industry-academia collaboration. A lack of trust permeates this relationship, as companies are loath to share data that could be used to generate valuable insights for eventual publication in top-tier academic journals. Despite the possibility of NDAs and water-tight confidentiality agreements preventing the naming of the company or any background information, there is still enormous reluctance on the part of industry to work together with academia. As a result, academicians in India rarely provide useable insights to industry and industry rarely finds utility in collaboration.

#### **Four key prescriptions**

Let's break down these issues and attempt to solve for them. I am going to lay out four key prescriptions, which are by no means exhaustive.

The problem of strategic herding arises in general because companies choose to co-locate to the same area of the strategic terrain, namely the sweet spot where you find a lot of customers willing to pay a good enough price for a reasonable bundle of benefits. Implicit in this decision is the focus on scale. B-schools in India want to attract as many students as possible, offer a whole range of programmes, and generate large revenues. Again, nothing wrong with that at all. However, when the market slows down and hiring gets affected, we are left with a large group of students who still need to be placed. We are seeing headwinds buffeting the job market, with many companies around the world deferring their recruitment or cutting back on numbers.

Added to that is the pressure from online learning platforms and specialised programmes offering opportunities for young professionals with 3-5 years of experience to upskill themselves in specific areas at a fraction of the cost of most business schools. Their agility coupled with the ability to reach large numbers of students poses a significant threat to existing schools that can no longer be ignored.

#### **Embrace customisation**

What this suggests is that scale cannot be the only imperative. Scope is equally important. Perhaps more important, especially at a time of commoditisation. This means the following as my first prescription: **Business schools need to embrace customisation**. There are two key stakeholders in this equation: Students and corporate partners. Why must we deliver the same content and follow the same pedagogical approach for all students? Why can't we harness the power of online learning to deliver customised content based on student needs and learning rates?

Equally, corporate partners are probably vexed at the plain vanilla curriculum at most schools. Marketing Management 1, Marketing Management 2, Financial Management 1, Financial Management 2 ... you get the picture. Why can't we collaborate with industry to create customised specialisations and certifications that meet specific needs? A challenge in implementing such a change would be the highly regulated nature of this market. Rigid guidelines and the impossibility of changing curricula without going through lengthy approval processes militate against the need for agility. There is a ray of hope in the draft education policy, with autonomy on the horizon, at least for some schools.

#### **Celebrate diversity**

A second and related problem is one of input. Take almost any business school in India and look at the profile of the students. Over 70 per cent are likely to be engineers. The lack of diversity in the classroom breeds sameness in thought and reasoning, and in turn leads to schools catering to the needs of this style of thinking. Focusing on the lowest common denominator is likely to leave schools vulnerable as businesses shift their recruiting philosophies to embrace diversity of thought and deed.

My second prescription: **Business schools need to celebrate diversity**. However, that is easier said than done. Most public universities churning out graduates in the arts and sciences are governed by extremely dated curricula and a pedagogy that is completely ill-suited for the demand of high problem-solving skills. Luckily again, there is a ray of hope being offered by private universities that are actively promoting critical thinking skills.

### **Lifelong learning, the goal**

The focus on short-term outcomes is a challenge that is difficult to overcome, and understandably so. With the average MBA degree in India costing greater than ₹15 lakh, students are justifiably measuring the value they get for their money based on placement outcomes. Unfortunately, this breeds a very transactional relationship between the school and the student. A school is only as good as the job that a student manages to secure there. Nothing else matters.

However, with rapid changes in the workplace, knowledge gained a few years ago at a business school may be obsolete or even wrong. A shift in mindset to focusing on the relationship rather than the transaction is absolutely vital. Imagine my surprise and joy if IIM Calcutta (my alma mater) would have reached out to me and said, "Congratulations, Suresh, on your elevation to the position of Dean of Great Lakes. We offer excellent leadership programmes that you could take online at a significant discount as an alumnus, while you assume your new role."

This leads me to my third prescription: **Business schools need to focus on lifelong learning.** This is, of course, not a new idea. Several leading schools around the world are trying to create programmes aimed at alumni so they can upskill or reskill themselves at a fraction of the cost they would normally pay. Again, partnerships with online learning platforms may have a huge role to play in making this feasible.

### **Rethink the approach to research**

Finally, the gaping hole in India's knowledge creation capabilities is a direct result of the neglect of original thinking. As a reviewer of submissions from all over the world to the top journals in marketing, I have often been struck by the inability or unwillingness of many researchers from India to create their own theories. Instead, most take an existing framework or theory, collect data in India, and then submit the paper with the title: XXX theory: The Indian Scenario. Original thinking is not easy to develop. It requires a profound ability to integrate multiple theories, often conflicting with one another. Such skills require special training and intense workshops.

Unfortunately, apart from a few business schools, there is limited ability even among those who train and guide PhD students. What we need is a Train the Trainer programme, where the best talent from around the world can help train faculty who could then take on PhD students. Such a programme would bring leading academicians around the world, industry partners who may share data or collaborate with faculty, and Indian faculty from various business schools together. This may also help overcome the need for heavy investments by individual schools.

My final prescription is: **Business schools need to use a platform approach to research.** This addresses two major challenges. First, business school faculty in India are often at a loss when it comes to identifying potential collaborators because they do not have a good international network. Second, the opportunity to work with some of the finest minds in the world could help overcome the reluctance by industry to share information.

In closing, the trusted Ambassador is now a relic of the past. It served its purpose admirably well. It's time to herald a new standard in business education.

*(The writer is Dean and Principal, Great Lakes Institute of Management, Chennai. This article is excerpted from a talk he delivered at Madras Management Association.)*

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