

A Study of Management and Industry View of B-School Placements

Poonam Painuly

Assistant Professor, Gurukul Kangri University, Haridwar, Dehradun, India

Abstract

This chapter deals with the placement scenario in the past and the present, the hot sectors which are recruiting the B-school graduates, the perception of the industry about the B-school graduates, the gap between the demand and supply, the steps taken by the industry and the B-schools to bridge this gap.

Introduction

In the past 15 years, the face of India Incorporation has undergone dramatic positive changes with waves of globalization, massive restructuring, major expansion and technological revolution. It has in turn led to an increased need for trained and skilled manpower. The presence of which is felt in the Business Schools campuses, where the luxury of recruiting at a leisurely pace is no longer the privilege enjoyed by the HR heads. Where the relatively relaxed placement scenario of the 1990s stretching over a couple of weeks, has been replaced by rushed hiring within a span of few hours on campuses.

In the early 1990s, old economy companies like HLL, GLAXO, the Tatas and the Birlas got the cream of B-schools, however mid 1990s, saw, the financial services and consultancy firms like Citibank, HSBC and Merrill lynch as the hot recruiters, by the late 1990s, the balance tilted towards the Information Technology (IT) sector with fast growing companies like Infosys and Wipro.

Today corporate recruiters are a diverse group, spanning companies in the financial services, IT, telecom, insurance and retail sector. The overseas job offers still remain the most high profile and oft discussed ones. Surprisingly well performing Indian Companies are wooed and sought after by students, clear sign that the domestic companies have been able to offer the best salary, work culture and career prospects for MBA grads.

With the change of face of the recruiter the selection criteria for recruitment has also seen a drastic change, earlier functional depth was given high priority, although it still matters but companies also look for team building skills, leadership quality, adaptability, flexibility, global outlook, and of course tech saviness.

Different Sectors Providing Jobs to MBA Students

According to the survey conducted by The India Today-Ma Foi Employment Trends Survey (I.T.Mar.15.10), hot sectors, which promise millions of job are the following organized sectors with their different manpower needs:

1. Manufacturing Sector - It includes consumer durables, automobile, consumer electronics sector etc. has shown good growth in the recent years, thus new skills is required in sales, product management, marketing and communication functions.
2. IT and ITEs - IT and ITEs promise new jobs as it shows signs of stabilizing. The industry is dependent on revival in the U.S. and Europe. It's a knowledge based outsourcing, giving fancy increases as niche talent in legal, pharma and analytic KPOs, thus talent in R&D, finance, accounting, retail and supply-chain. Thus while entry level hiring is happening, it is more need based which is reflected in the recruitment drive of IT majors in B-schools and engineering institutes.
3. Hospitality and Travel - This sector is expected to create a number of new jobs. In view of the high employment potential of this sector, the then finance minister Shri. Pranab Mukherji provided investment-linked incentives to the hotel sector. According to the World Trade and Tourism Council, by 2018 the market for the hospitality industry is expected to double in size and with India all set to host a number of international official events, the hospitality sector has braced itself for a heavy tourist inflow. This industry is looking for people with good communication skills, domain knowledge and confidence.
4. Real Estate and Construction - India is heading for a mega makeover 100 billion dollars, is the investment the Government expects to make in the infrastructure, thus infrastructure is clearly star industry, ten years ago, the construction industry was not even organized but now it is emerging as a sunrise sector. From unskilled site worker to highly skilled talent like engineers, foreman, crane operators, project managers and architects, this sector is expected to explode with new jobs.
5. Education, Training and Consulting - India has the largest student population in the world with more than 13.5 crore children in primary schools. As with any sector, education is also witnessing tractions it looks set to be opened and emerge as a sunrise sector. Besides specialized skills in content development, this sector seeks training managers, sales executives and managers willing to work in tier-II and tier-III towns.
6. Healthcare - the only sector which was hiring and giving increments to its employees even during recession and has been growing at 15%.It has been observed that by 2021 medical tourism is expected to contribute \$5billion in foreign exchange. One of the largest service sector industries in India, which is growing and evolving due to change in demography, changing lifestyles and greater insurance penetration, are having led to an increase in health care spending. Thus besides doctors and nurses, B- school grads are the most sought after.
7. Banking and Financial Services Industry - It may have lost its shine in the post Lehman world, but the sector remains hot for employment as many public sector banks are increasingly hunting for warm bodies. With 53 being the average age of

employees, PSUs are running out of talent as many would retire in five years. Thus talents in 'Corporate Banking along with private wealth management will be hot favorites. Over the years banks have been trying to convince B-schools to infuse more banking and insurance course which according to them have not been taken very seriously.

The Placement Scenario:

Even though there has been a shift in 2009 owing to the recession and its consequent impact on recruitments by both MNCs and private sector (where the beneficiary to some extent has been the public sector), the recruiters in general, had been diversifying to tier – II B-schools, the supply of students from IIMs and high expectations of compensation. Moreover, the Indian corporate recruiters were surpassed reasons according to them was the insufficient by the MNCs who lured the students with salary in dollars and placements abroad, thus leading to the high expectation of the student from the Indian recruiters, who could not meet their demands.

As Mr. K. Ramkumar, Senior Manager ICICI Bank puts it, that there has been no significant change in the knowledge body of the B-schools. In year 2005 ICICI hired 85 MBA graduates from tier – I schools, 400 from tier -II and 1,000 from tier – III (outlook sept 2005).

2006 placements marked preference for Indian locations and entrepreneurship pursuits at Indian B-schools. Several students rejected higher paying foreign offers in favour of domestic (offers) or business ventures of their own, ranging from setting up football clubs to tourism and skill based training initiatives.

A number of students refused overseas positions and dollar salaries and decided to take up jobs in the country, not due to some sentimental reason but based on whether a sector is 'in demand' in India or abroad. Many companies were offering initial posting in India and then moving on to overseas locations. Students seem to be quite content taking an Indian posting with frequent stints abroad.

The focus has been on job profile and career-path, instead of just high salary figure, and jobs that fit the individual interest and ambition. (outlook sept.2006)

In 2007 nothing spectacular happened –due rise in salaries, the usual companies making a beeline to the campus with few new national, international corporate names thrown in, some senior leadership roles offered and associate profiles in International Banks and consultancy firms. The only trend (if it can be called so) was the influx of firms from the Middle East. Growing preference for Indian location and entrepreneurship continued to be highlights of placement 2007. Profiles and roles offered have beaten salaries to be the differentiator, students were looking for.

Placements in 2008 showed a growing preference for Indian firms, increasing attractive profiles and packages offered by Indian organizations have led to a larger number of students opting for Indian companies over MNC's offering comparable salaries and roles. Students have shown a distinctive trend to work in the emerging market economies.

Sectors such as real estates, media, hedge funds, industrial marketing were the new entrants. Despite grim situation in international in international financial markets, many students have opted for financial sectors.

While the recession has kept some key recruiters away from the campus Indian PSUs or the NAVRATNAS have recruited a total of 65 students from IIM-L in the just concluded placement season 2009. It has also been observed that in 2009, due to the different economic condition; the students are giving priority to job security than fancy positions and pay packets.

Also, for 2009 placement, an extended season (or placement period) was observed, where most of the B-schools followed rolling placement, where the placements started early and was spread over a period of two-three months, with no specific placement week as such. In fact, as per Economic Times News, Institutes like IIM-A, B, C AND K, among others were trying to please their recruiter.

Again in 2010, continuing in 2011 and 2012 it was observed that with the withering of the recession, the private sectors were again in demand with the MBAs. Those who had joined the Public Sectors, were back again to the private sectors leaving the Public sectors high and dry.

Perception of Industry about B-School Graduates:

Research conducted by Outlook C-fore survey which was published on Sept. 27' 04 had concluded that there was a considerable gap between industries expectation and B-school delivery. Ability to work in a team is the top most priority of any organization, but it ranks last among the competencies that the recruiters actually find in the students.

- Lack of Team Spirit - Top notch companies perceive that IIM students are largely skewed towards areas like marketing, IT and consultancy, and would be misfit in companies that have strong focus on operational excellence. Moreover, those graduates from elite B-schools are ambitious and seek fast track growth both in terms of job profiles and emoluments, that most of the middle level firms cannot offer initially. Recruiters are convinced that the IIMs do not prepare students adequately for the corporate world, so the employers would rather pick their future managers from the less elite schools as they can be trained and shaped. Many of the recruiters also complained that the graduates were "individualistic" and often a loner, not knowing how to work in a team/group.
- Curriculum Pedagogy - Recruiters also complain that curriculum wise the B-schools have a bias towards domain issue (e.g. cash flows for finance student), it does not invest in building all round professionals and are content to rest on their laurels. They feel that the B-schools need to 'inundate' students with current cases and live projects.
- Lack of Business Understanding - Today the corporate world is looking for a person with an analytical mind, one who is updated with the key issues of a

particular industry. Many recruiters even complain that a fresher's understanding of business process is too low and s/he lacks special skill sets, thus, they have to invest a substantial amount in training them.

- This was so because B-school focus on skills pertaining to number, such as analytical skills and presentation, but ignored on soft skills, team spirit or taking initiatives, thus a big gap emerged between what the recruiters look for and what B-schools provide. Recruiters prefer schools that differentiate themselves, although there are recruiters who hire from the lesser known B-schools but preference is always the bigger schools because chances of finding extraordinary talent there, is much higher, secondly the recruiters can bank on them to be the best because their admission process is so rigorous that only the best can get admission.

Steps Taken by Industries

1. Industrial Fellowship - To encourage/promote industry interface with B-schools many steps have been undertaken by the industries e.g. CII() has launched the CII industrial fellowship under which a faculty member from the partner institute is assigned a research project with industry for a period of three to six months.
2. Partnership with B-Schools - Also, to fill this gap in demand and supply some of the big employers are going into partnership with the B-schools to come up with customized courses e.g. Hindustan lever which is one of the major recruiters, ran a full credit course on "marketing in practice" at IIM-C, in consultation with their faculty and was taught by HLL's own manager. They took this step because they felt that, since recruitment is quite an intensive affair, they would rather spend their energies on tier – I institutions, which provide them with appropriate talents.
3. Moreover Companies have better access to bigger pools of capital, greater confidence of lending community, and can apply their experience to bring about innovative approaches to teaching, since the corporate sector, which operates in the real world, is more than aware that to stay in business and grow, organizations need to constantly evolve and innovate, for which people need to be equipped with new knowledge, new skills, attitudes, mindsets and values, thus if this can be impressed upon the future managers at the B-school level, it would make MBAs ready for the realities of the corporate world. Moreover, they feel that the premier schools are difficult to influence, so they are working with the tier – II and tier – III schools.
4. Impart Training in Language and Skills - Some of the industries like the banking sector e.g. (ICICI) have even gone further by breaking free from the "only English speaking" people recruitment philosophy which creates an artificial talent scarcity, because they believe that intellect cannot be taught whereas language and social skills can be taught, since many intelligent boys and girls cannot have access to higher education.

Thus it's a great benefit for such schools because they not only get the necessary knowledge and faculty from the industries, but also ready recruiters, although it may take them a very long time to be at par with the IIMs but will at least be amongst the known lots.

Gap in Demand and Supply

With the mushrooming of B-schools it is expected that there should be surplus of graduates to fulfill the industry needs, but this is not true. There is still a gap.

Basically the B-schools are categorized into three types: one run by the Govt. producing graduates and postgraduates as a routine work, just like work conducted by any Govt. offices, with no efforts on the part of faculty. Even developing themselves is for the sake of promotions or if mandatory.

The next category is the premier institutions run with the support of the Govt. these elite institutes as they are popularly called, have rigorous selection procedure for admission, cater to the industry demand in a very small percentage. The graduates of these institutes aim at emigration as the last recourse, of course the recession did teach them a lesson and changed this attitude, wherein a number of graduates opted for Indian Companies, specially the PSUs where job security was guaranteed and with the 6th pay commission the attraction was even more.

The third set of institutions are the self financing, self styled Universities, which emerged due to increase in demand and limited seats in the other two categories of institutes, and was seen as a huge business opportunity by shrewd businessmen, who exploited the demand supply gap with the help regulatory bodies that laid down regulations that promoted not quality education but profitable business.

This has resulted in a serious problem that is shortage of faculty, in fact in all the three categories, in the first category the faculty sees it as secured job with no efforts on their part to meet the industry needs, in the second category the expectations from the faculty is very high again the crunch, because teaching is the last profession which people prefer specially an MBA graduate, whose only dream is the corporate world which pays three fold and the foreign country, so they make do with the visiting faculties from the industry, in the third category the money minded businessmen make do with mediocre faculty.

Educationist believes that there should a separate body overseeing the management education, as AICTE is responsible for monitoring all technical education.

Some even are of the opinion that the accreditation and quality checking should be done by an independent agency like the AACSB and backed by industry bodies like CII. AICTE's role should be restricted to providing information and setting guidelines (outlook sept.18'06).

Steps taken by the B-Schools

Retain Good Faculty - To impart good education the premier B-schools are trying their best to retain and expand the pool of research oriented faculty. To attract high quality faculty, they have to be compensated at par with the best in the world.

Alumni Linkage - The B-schools are working to keep pace with the changing needs of the corporate by building stronger linkages with the industry by bringing well placed alumni on the board, inviting senior industry executives to take classes as visiting faculty and taking inputs from the industry to prepare or restructure the course module by being simply innovative e.g. NMIMS has started whole new concept course called MBA technology, where students are taught engineering for the first three years and management in the last two years. Thus students now have to be sector wise even before they join.(India Today Oct.4'04)

Executive Education Programme - Due to this interaction and the growing demand from practicing managers for management courses, the B-Schools have come up with the concept of executive education program which is fast gaining importance and is rapidly evolving where more than 3,000 executives are enrolled in such courses. This is basically to help the executives to rise quickly up the ladder. But these executive programs are not passports to an entirely new career (B.T. July 16'06).

It is well understood in India that over 80% of the students who join a management institute have no work experience, moreover bureaucratic setup of many B-schools has resulted in institutes devoid of willingness to change. The industry demands an integration of technology and management for which the reputed B-schools are making conscious efforts. Moreover, with the increase in demand for specialized fields, the B-schools are already equipped to start specialized courses; some have even started these specialized fields.

However despite these new courses there are real challenges facing the Indian B-schools, the first and foremost is that these B-schools are just not bothered about creating managers, but instead are just enabling their students to get jobs in good companies with good salaries but even this mere duty is not being carried on by the little known B-schools, they are just helping students to essentially become 'sales' people.

What is required essentially is the fact that the top and medium B-schools should really be creating entrepreneurs in the small and mid-size sectors, rather than creating managers for the big Indian and foreign firms. With the coming WTO regime, India will have to compete with the global players, what will then happen to our rural economy? A big unending question.

Meeting the Global Challenges - B-schools have redesigned their curriculum to meet the challenges of Globalization and are preparing MBAs to understand the importance of information technology, WTO, etc. B-schools, instead of producing general MBAs are now producing MBAs suited to the needs of organizations such as Banking, NGO, small Businesses. Besides functional expertise they believe that the students should also have sectoral understanding.

Next they are trying to meet the global challenges, some of the top B-School have set up their campus abroad, are sending their faculties on exchange programs, some have tie-ups or collaborations with foreign institutes/ Universities wherein the students can spend a term at a school outside India and the next at home country. This trend is being followed more rigorously since the Government has given the green signal to the foreign Universities to set up their campuses here, which means more challenges and more work.

Attitude Change - The B-schools are trying to focus on creating right attitude on the part of the students, attitude to learn, attitude to change, attitude to manage people from different walks of life, attitude to work in a team.

The Future - Although the B-schools are trying their best in the gap between the demand and supply by way of introducing industry friendly niche courses, involvement of corporate in curriculum building, setting up of strong alumni clubs, collaborations with foreign Universities, for faculty and student exchange, new strategies for admission, conducting large number of national and international seminars. Still the pressure due to the boom, mounts on the B-schools who still lot to accomplish.

Thus we can say that higher education especially the B- Schools should;

1. Strengthen the placement activity.
2. Strengthen Alumni relation and maintain it's network.
3. Develop Faculty competency, their teaching skills, their ability to align with industry and innovate appropriate courses.
4. Form a separate educational strategy to develop potential faculty for B-schools.
5. Inculcating the right attitude is important for changing the mindsets of MBAs.
6. Curriculum pedagogy should match with the industry needs.
7. Faculty development should be the prime concern of B-schools.
8. To ensure capacity building and sustained development of B-Schools, building partnership or alliances with the local business and industry is very critical.

Discussion and Conclusion

In the past 15 years, the face of India Incorporation has undergone dramatic positive changes. . It has in turn led to an increased need for trained and skilled manpower. The presence of which is felt in the Business Schools campuses, where the relatively relaxed placement scenario of the 1990s stretching over a couple of weeks, has been replaced by rushed hiring within a span of few hours on campuses. In the early 1990s, old economy companies like HLL, GLAXO, the Tatas and the Birlas got the cream of B-schools, however mid 1990s, saw, the financial services and consultancy firms like Citibank, HSBC and Merrill lynch as the hot recruiters, by the late 1990s, the balance tilted towards the financial services, IT, telecom, insurance and retail sector. The overseas job offers still remain the most high profile and oft discussed ones.

With the change of face of the recruiter the selection criteria for recruitment has also seen a drastic change, earlier functional depth was given high priority, although it still matters

but companies also look for team building skills, leadership quality, adaptability, flexibility, global outlook, and of course tech saviness.

With the mushrooming of B-schools it is expected that there should be surplus of graduates to fulfill the industry needs, but this is not true. There is still a gap forcing the recruiters in general, to diversify to tier – II B-schools moreover, the Indian corporate recruiters were surpassed by the MNCs who lured the students with salary in dollars and placements abroad, thus leading to the high expectation of the student from the Indian recruiters, who could not meet their demands.

Research conducted by Outlook C-fore survey which was published on Sept. 27' 04 had concluded that there was a considerable gap between industries expectation and B-school delivery. Ability to work in a team is the top most priority of any organization, but it ranks last among the competencies that the recruiters actually find in the students, others being lack of team spirit, curriculum pedagogy, lack of business understanding. To address this issue, the industries have taken certain steps to encourage the promotion of industry interface with B schools e.g Industrial Fellowship, Partnership with B-Schools, Impart Training in Language and Skills, Moreover Companies have better access to bigger pools of capital, greater confidence of lending community, and can apply their experience to bring about innovative approaches to teaching, since the corporate sector, which operates in the real world, is more than aware that to stay in business and grow, organizations need to constantly evolve and innovate, for which people need to be equipped with new knowledge, new skills, attitudes, mindsets and values, thus if this can be impressed upon the future managers at the B-school level, it would make MBAs ready for the realities of the corporate world. On the other hand the B-schools have left no stone unturned to meet the needs of the industries, steps taken by them include, retaining good faculty, strengthening alumni linkage, conducting Executive Education Programme, Meeting the Global Challenges Attitude Change.

Although the B-schools are trying their best in the gap between the demand and supply by way of introducing industry friendly niche courses, involvement of corporate in curriculum building, setting up of strong alumni clubs, collaborations with foreign Universities, for faculty and student exchange, new strategies for admission, conducting large number of national and international seminars. Still the pressure due to the boom, mounts on the B-schools who still have lot to accomplish.

REFERENCES:

- [1]. BT Cosmode Survey-BusinesToday vol-9, no.21 Nov.21, 2000.
- [2]. Outlook –MDRA Survey-Outlook, Vol. XLI No.35 Sept.10, 2001.
- [3]. Business India AIMA Survey-Business India, No.618, Nov.12-25, 2001
- [4]. BT-Cosmode Survey-Business Today Vol.11, No.15 Aug.4, 2002.
- [5]. Outlook C fore Survey-Outlook Vol. XL11 No.35. Sept.9, 2002.

- [6]. Business India Survey-Business India No.642, Oct. 14-27 2002.
- [7]. Johnson,RA. Wichern DA (1992)- Applied Multivariate Statistical Analysis, Prentice Hall, Inc. N.J. USA.
- [8]. Robert.M. Morgan,,Philip Kotler,Shelby Hunt Journal of Marketing 58(3) 1994, Alderson Journal of Marketing 1965 p 239
- [9]. Rotter,Anders Gustafsson,Michael D Jhonson, Inger Ross, Journal of Marketing Vol. 69/4 Oct.2005 210-218.)
- [10]. Indian Scenario About Management Education
- [11]. Choudary P: Time to wise up Business India Oct.21,2007
- [12]. Management Education: Towards a Fusion Of Horizons vol.1 ,no.3, sept.2007.
- [13]. Subramanium A 2008:The Global Manager-Business Today July13 th 2008.
- [14]. Pylee and Shankaranarayanan (2008)-Professional Mangement In India:Problems and Prospectus-Sultanchand 2008.
- [15]. Mukherjee.A. 2006:Out On A Limb-Outlook Sept.18.
- [16]. Business Today 2007 :India's Best Business Schools-A BT-Nielsen Study.BT-Sept. 23.
- [17]. Business Today 2008 :India's Best Business Schools-A BT-Nielsen Study(July 13).