



## MARKETING FOR BUSINESS EDUCATION IN INDIA: PERSPECTIVES, ISSUES AND CHALLENGES

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### Abstract

This paper analyses and examines the current situation, recent developments, issues and challenges for management education in India from perspective of marketing management. The paper highlights the current position of business education and relates its implications for current job market and industry requirements. The challenges faced by business schools are in attracting a good pool of eligible students to recruitment and retention of qualified faculty. The paper also offers a framework of marketing for Business Schools. This framework includes the analysis of economic environment both internal and external environment. Next discussion is on the marketing mix for educational institutes from service sector point of view. The paper proposes effective strategies to gain competitive edge.

**Keywords:** *Management Education, Service Sector, Branding Strategies*

### Introduction

“Business education in India has seen a good number of years of growth and development” (Shukul 2013). But currently there has been a slowdown in business education. Many colleges have shut down in recent past. Business schools are struggling for their existence. The paper analyses history, current trends and presents a marketing frame work for business schools to gain edge over others.

### History of Management Education in India

History of business education in India begins in the year 1886 with establishment of commercial School of Pacchiappa Charties in Chennai (Saha 2012). In 1903 British government started commerce education in Presidency College, Calcutta (Saha 2012 & Shukul 2013). After that in 1913 Sydenham College was founded in Mumbai which was followed by Commerce college (now Shri Ram college of Commerce) in Delhi in 1920 (Saha, G. G. 2012 & Shukul, J. A. 2013).

Two significant institutes, namely, The Indian Institute of Social Sciences and XLRI started in 1948 and 1949 respectively (Shukul 2013 & Shweta & Kumar 2011). In 1953 Indian Institute of Social Welfare & Business Management (IISWBM) was set up, which was also acknowledged to be the first official Management institute of India (Saha 2012)

Year 1961 led the beginning of a new era of business education in India with the foundation of IIM Calcutta followed by IIM Ahmadabad in 1962 (Shukul 2013).

These two IIMs received grant from Ford Foundation and had intensive collaboration with USA's business schools for instance IIM Calcutta collaborated with Sloan School of Management of MIT for pedagogy (Saha 2012), and, similarly, for IIM Ahmadabad Harvard Business School played a significant role in its incubation. (Wikipedia, 2014)

Later other IIMs were developed in Bangalore, Kozhikode, Lucknow and Indore (Shukul 2013). "IIMs have evolved as great brand in Management education across the globe and an enviable benchmark for other institutions in terms of quality of faculty, students, curriculum and placement". (Shweta & Kumar 2011) Presently there are 13 IIMs in India (Wikipedia, 2014). The history of management education in India is not only about IIMs or some limited Institutes but IITs, NITs, central and state universities have also played a vital role in developing management education in India. We cannot ignore the contribution of affiliated colleges and private and deemed universities in this regard.

The Central universities which cater to larger and heterogeneous masses added management department to meet the ever increasing demand for management graduates in country.

**Current Scenario**

In year 2005 Indian management education market was estimated to be around USD 300 (Kehal & Singh Eds. 2005). In 2008 it was estimated to, According to Cygnus, education market in India was Rs.30 billion in (campus and distance education together) and was growing at a rate of 12% in past 3 years (Kaushik & Dalal n.d.)

Although there has been slowdown in management education market and many business schools had to shut down their operations partially or wholly, India has witnessed a good growth trajectory in terms of number of schools and intake.

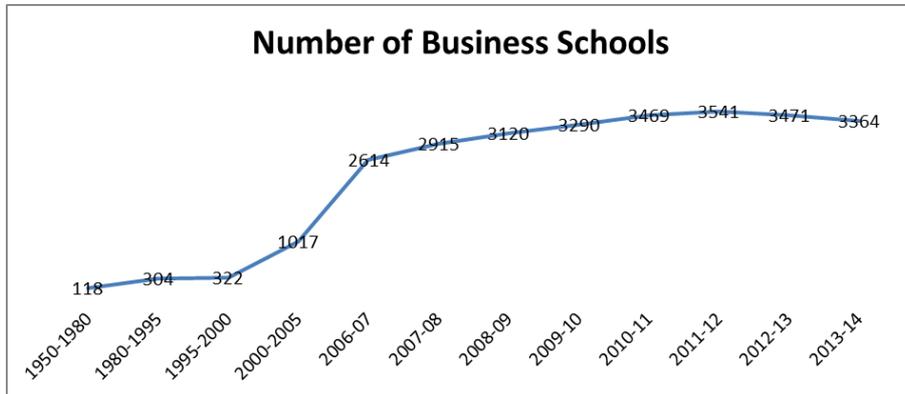


Figure 1: Number of business schools

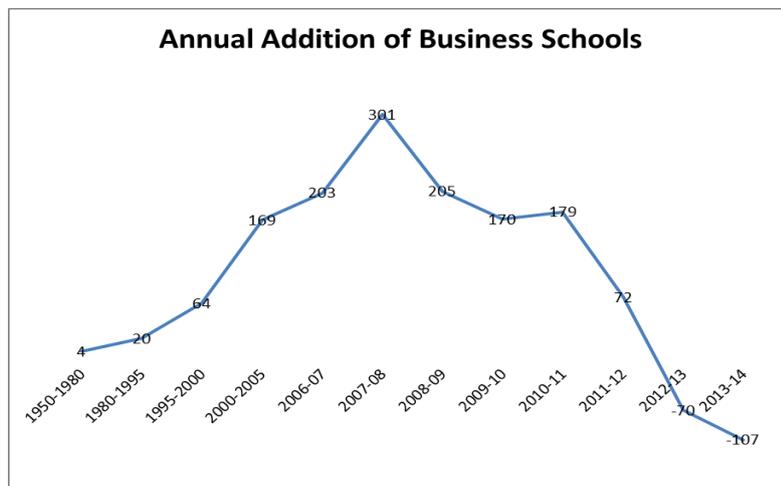


Figure 2: Annual addition of business schools

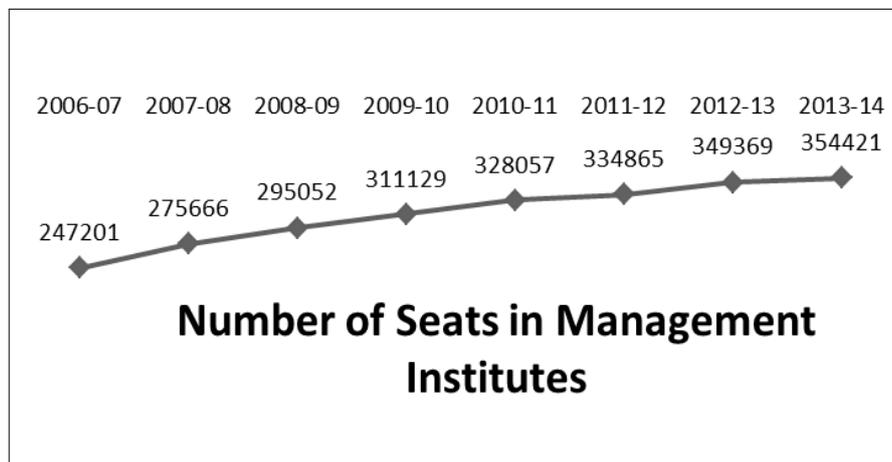


Figure3: Number of seats in management institutes

In year 1980 there were 118 management institutions. It increased to 304 in 1995. Average annual addition in during 1950 to 1980 was 4 business schools per year. During 1995 and 2008 business schools grew at an increasing rate. In subsequent years during period of 2008 to 2012 there is growth but at a decreasing rate

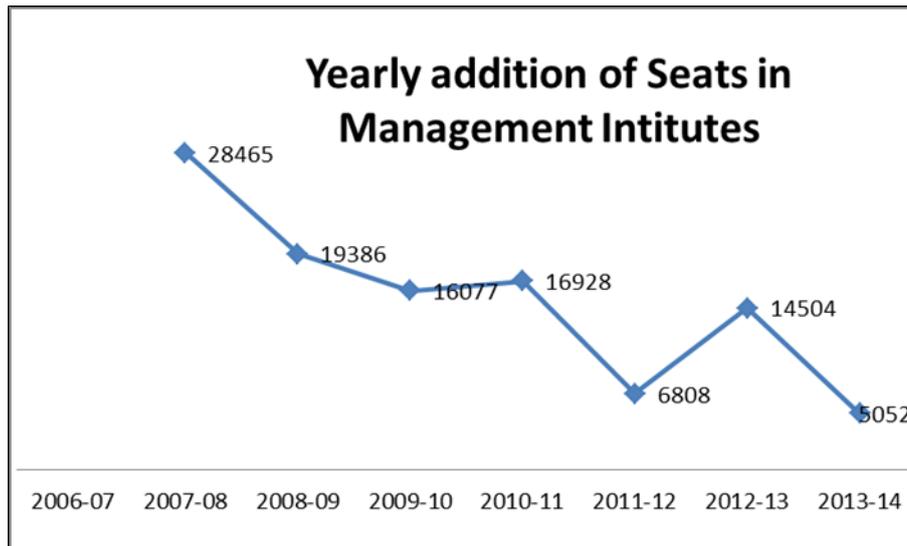


Figure4: Annual addition of seats in management institutes

2007-08 witnessed a very large number of annual additions of 301 business schools. In year 2011-12 total number of business schools stood at 3541 but next year 70 schools shut down their operations, and the number reduced to 3471. During year situation was further worsened 107 business schools were closed and the current number of business schools in year become 3364.

Today intake capacity of business schools has seen a steady rise during 2006 and 2014, although average annual addition has been decreasing. In 2006-07 there were 247201 seats which rose to 354421 in 2014.

#### Issues and Challenges facing management education

“The Indian MBA education is currently passing through a turbulent period” (Dholakia, 2014). There are many challenges before business schools in India. Globalization has led to the huge demand for management workforce (Afza, 2012; Shukul, 2013; Subrahmanyam, 2014). This has resulted in a mushrooming of management institutes. Most of the institutes had entered the market for making money and were treating it like other business venture (Shukul, 2013). Now, when the recent crisis hit the Indian markets, Indian Business Schools are struggling for their existence. Those who have entered only for profit motive had left. 170 Business Schools were closed according to a list available at AICTE’s website in November 2014.

We have listed and discussed some most common and important challenges facing Indian Business Schools.

1. Quality v/s Quantity:
2. Regulation/ Autonomy
3. Accreditation/Branding
4. Students’ enrollment
5. Faculty quality
6. Resources/Finance:
7. Pedagogy: Courses/curricula
8. Role of government

Kotler and Fox (1985) have discussed the role of Stakeholders in a university system. They enlist 16 stakeholders relating to a university. In subsequent paragraphs, we have discussed above listed challenges from the point of view of these stake holders.

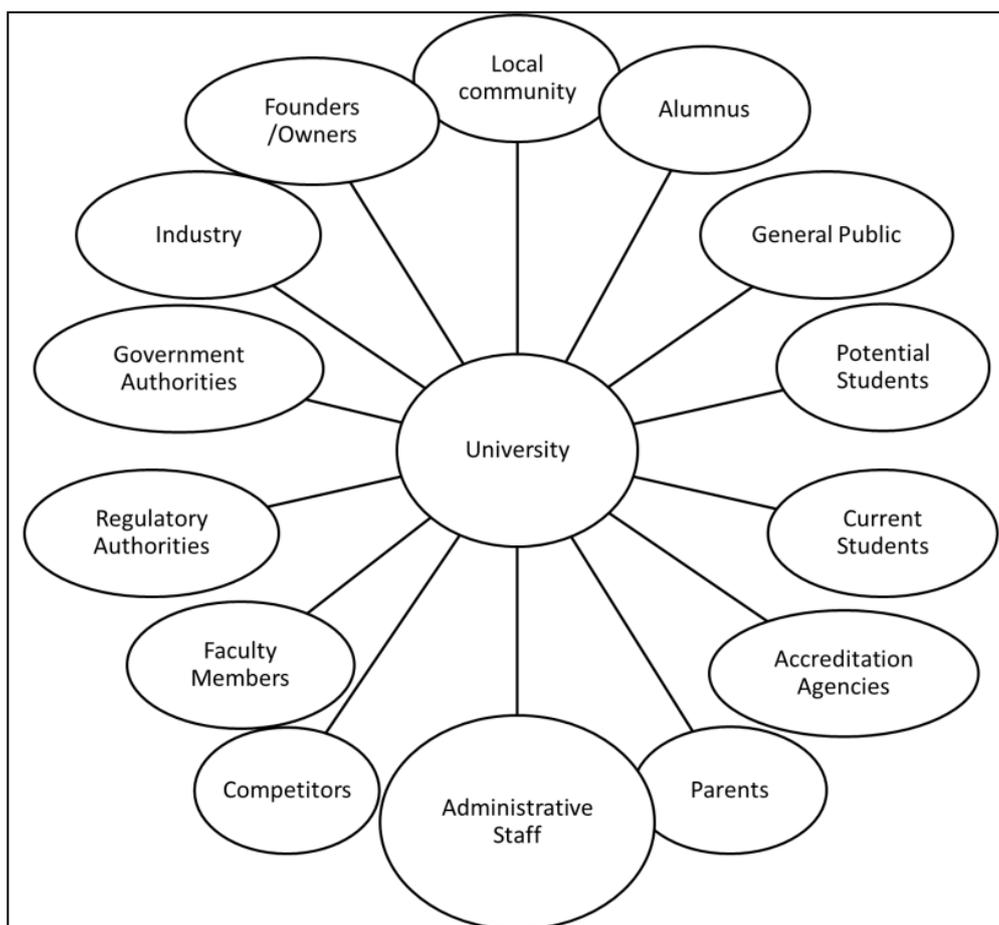


Figure4: Stakeholders in a university system, (Kotler and fox, 1985)

Today business schools are confronting a host of challenges from students' enrollment to faculty retention. Business schools are competing for share of quality students and faculty. And "Quality has deteriorated from both ends Institutes imparting education and student gaining education" (Kumar & Dash, 2011).

Kumar and Dash(2011) also asserts "There are fundamental issues of student input quality.... there are fundamental issues of academic delivery quality..... as most run-of-the-mill colleges spend less than 10 per cent of their revenues on actual academic delivery"(Kumar & Dash, 2011). So the issues confronting Business Schools are basic, grassroots, and fundamental in nature. There are more common issues than specific ones

Indian business schools, especially privately owned, are criticized for poor quality of education. These institutes are like other business organizations want to generate revenue and higher profits. They invest heavily on infrastructure. Face confrontations with regulatory and accreditation bodies and there are other formalities and glitches. To cut their cost they negotiate and recruit faculty at a minimum possible salaries. Faculty on the other hand wants a better package. So talented academicians either switch to research industry or leave abroad for a better package. Hence there is a compromise and most of the business schools are left with poor quality faculty. Some talented and quality faculty still works in such institutes at a lower remuneration for some personal reasons. But this may lead to lower level of motivations.

Most of the Business schools are not able to provide a healthy environment for research and teaching. As management just wants to get the syllabus finished on time, examinations are conducted and degrees be distributed. And for such institutes education has become a matter of rituals (lectures) and ceremonies (examination). The problem of pedagogy is also a common and universal problem. As social set up is changing innovations and improvement in technologies is also becoming a part of our lives. We wish to use the latest technology and to stay modern. Educational institutes are not evolving at a pace required by two very important stakeholders: industry and society.

The idea is to design and implement which is suitable for both industry's demand and student's capability and interest. A blend of online and offline strategies, use of diverse technology, for example LMS, MOOCs, flip classes, blended learning should be used judiciously. Use of social media and its tools has also been very effective in some cases.

Government wants more graduates and more institutes and at the same time it wants quality to be intact. This is in fact paradoxical situation. And beyond that there is a shortage of funds to be employed in higher education. Government has invested in a few big names except that picture is very grim. Management institutes at most of the central and state universities are longing for funds. The infrastructure is very poor. Recruiters are not willing to come to the campus. Not just because students are not worth of it but some other reasons. For instance there are no suitable accommodations facilities for recruiters. Institutes located in second tier and third tier cities the problem is even compounded. Poor transport and communication, low or no reimbursement and so on.

Education is a state subject. And the government is responsible for providing quality education to its citizen. To a large extent government has failed in its duty. And the private players have emerged for the rescue. But private players want profit. There is a debate on consideration of education as a public good or private good

There is also a tussle between regulatory authorities and institutions. Institutes demand more autonomy, government and regulatory bodies seek tight control. Tight control hinders creativity and change while losing it too much may lead to malpractices and greed.

## **Marketing of Business Institutions**

Considering the background position of management education, following section discusses the application of the marketing approach relevant for Business schools

This covers three aspects. First being the element of Business Education Marketing Environment, next the marketing mix elements relevant for business education from service sector perspective and finally branding strategies.

Marketing environment may be studied in two components: Internal and External. Internal environment in context of educational institutes refers to set of certain groups or officer who manages Finance, operation, innovation, Promotion or any other relevant activity internal to the institute.

External environment comprises governing bodies, Funding agencies, Students and their parents, media and other activists' organizations.

The current situation and role of above elements of environment have been discussed in previous sections. Marketers are required to have a sound understanding of its environment. Furthermore, there is a need for effective communication and maintaining long term relationships with different stakeholders.

## **Marketing Mix Strategy for Business Schools**

Business Schools have distinct features as against other type of educational institutions. Higher education is a different kind of service as compared with marketing associated with other popular services and therefore requires further adjustment and treatment in the marketing mix. (Soedijati 2011)

The classical marketing mix consists of four different Ps; product, price, place and promotion. (McCarthy 1960). In relation to educational service, this mix may be adapted and relevant to a certain degree. However, experts are skeptic about it and demonstrate that marketing mix is inappropriate for marketing of services. Some experts also argue that marketing approach in such cases should not be imitated from Kotlerian Marketing. Education marketers need to evolve and innovate a different marketing approach altogether. (Paul, Giibs and Felix 2009)

In order to outline efficient marketing of services the 7Ps approach were introduced - adding people, physical evidence and process to the traditional mix.

A slightly modified version of above mix was suggested by Ivy in his article: A new higher education marketing mix: the 7Ps for MBA marketing. (Ivy 2008) It include following 7 P's: Program, Price Promotion, People, Placement, Prominence, process. These elements are discussed as follow:

### **Elements of Education Marketing Mix**

**1. Program** (The Education Product): The study programs are very complex in nature and vary extremely in terms of content and quality from one B School to another.

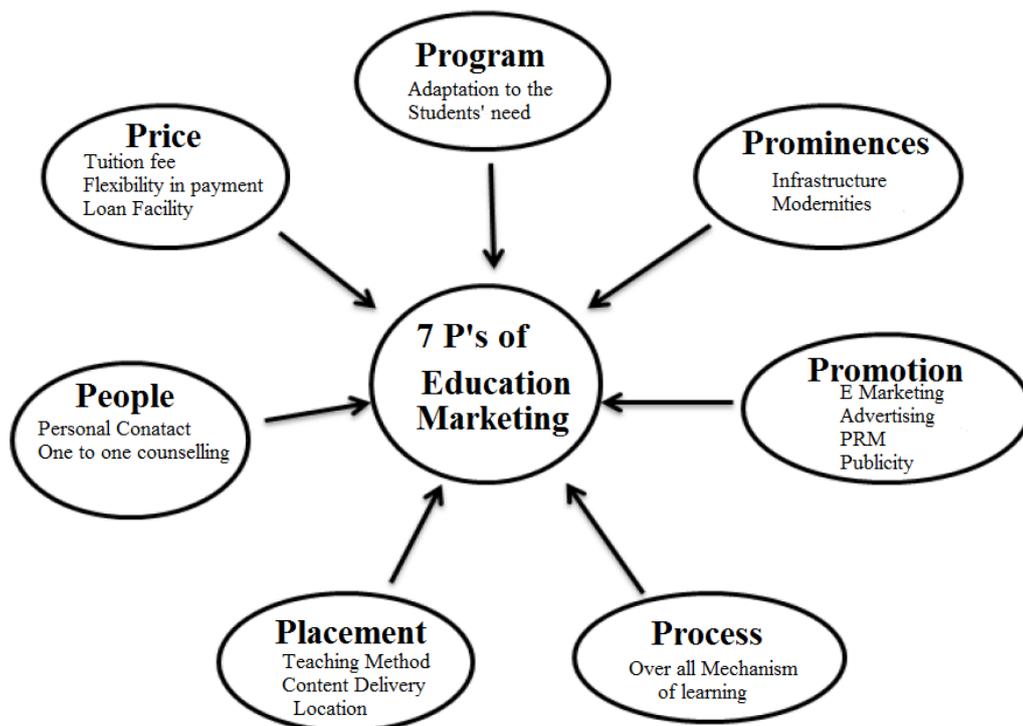
There are three principal levels of qualification within the higher education system in the country:

I. Graduation level

II. Post-graduation level

III. Doctoral and Post-doctoral level

Besides these three, there is another qualification called a Diploma. It is available at the undergraduate and postgraduate levels.



(Monica Paula Rațiu n.d.) Adapted from (Ivy 2008)

These layers may be further viewed as following kind of Programs.

1. PGP/PGDBM/MBA
2. Executive Programs
3. One year diploma programs
4. Professional Development Programs
5. Part time Degree Programs
6. Research Degree Programs
7. Conferences and seminars

Students, who are the ultimate consumers of above programs, seek it to gain knowledge, skill and personality enhancement. The image of the institutes and the certificate so obtained help them to stay ahead in labour market.

**2. Price:** Pricing of study programs is a difficult and challenging task. As in India education is considered as public good and it is associated with society and culture. If price is too high to afford then it may create inequality and unrest in society.

But if price is low and quality is poor then it is also a problem because there will be less opportunities in job market but also on the other hand opportunity cost of spending two years in a college may be high. To tackle these problems institutes may tie up with banks to offer loan facilities to students.

**3. Promotion Mix:** In Marketing, promotional mix is a set of activities which includes advertising, personal selling, sales promotion and public relations. An organization uses these elements in different proportions to pursue marketing goals. Let's have a brief discussion on these topics in context of Education Marketing.

- a. **Advertising:** Many universities advertise themselves on television and newspapers. We have seen, for instance, advertisements of Amity University, Lovely Professional University etc. In Television. Many universities regularly advertise themselves in newspapers.
- b. **Personal selling:** Personal presentation by the representatives of the institutes attracting students is also in practice. Especially new private B. Schools uses sales force to interact with potential students. Such interaction is also possible for approaching business organizations for students' placement.
- c. **Sales promotion:** Short-term incentives to encourage the purchase or sale of a product or service. Educational institutes may offer scholarships and discounts. They also may offer financing support by tying-up with banks.
- d. **Public relations:** Building good relations with the company's various publics by obtaining favourable publicity, building up a good 'corporate image', and handling or heading off

unfavourable rumors, stories and events. Educational institutes organize seminars, conferences and other events to build their image and brand.

- e. **Direct marketing:** Direct connections with carefully targeted individual, students and parents, and to obtain an immediate response and to cultivate lasting relationships – They use of mobile, mail, fax, email.

**4. People/Personnel:** In their activity, higher education institutions need well prepared personnel, i.e. academic staff and related-academic staff, capable of doing their work at high quality standards. Quality of teaching and non-teaching staff is very important. Academicians’ image becomes synonymous with the image of institutes and vice versa.

**5. Placement:** In Business education, placement is a corporate activity to attract students to their establishment. On the other hand the business houses also maintain long term relationship with the institutes by hiring young and dynamic professionals.

**6. Process:** The education Process is mainly concerned with teaching, content of the course material and its delivery. An Institution needs to maintain process efficient with high quality standards.

**7. Prominence:** For attaining efficacy and quality, infrastructure i.e. Physical Prominence is a very important factor. Institutions have proper facilities which facilitate programs smoothly.

It can be noticed that in the area of services, to the 4Ps of the traditional marketing mix, i.e. program, price, placement and promotion, another 3Ps specific to this area are added: personnel, processes and prominences.

## Branding an Institute

What is a Brand?

A Brand is a “name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler & Armstrong 2012)

The concept of branding for an institute or a university has important implications like reation of a unique Identity of the institutes. Brands help in communicating the message via logo or tagline to the audience. Students and their parents associate brands with notion of quality.

Institutes may adopt branding for basically two reasons or purposes. (Greve n.d.)

1. As a strategic tool
2. As a ritual



*Logos of IIM Calcutta, IIM Ahmedabad, IIM Trichy respectively (from left to Right)*

Organisation tends to create logos and slogans for the sake of showing its distinctive position. And this is done not only by not for profit organisations but also for profit organizations fall in this trap. Educational Institutes are no exceptions to this. Brands are not just pictures of logos or crunchy tagline; they are beyond and above such information. Brand signifies the belief and trust of organizations in the heart of customers. A brand is a promise to deliver product or services to a certain level of quality. It is the confidence which motivates the customers to make a purchase decision.



*Monograms of FMS, University of Delhi and Aligarh Muslim University (from left to right)*

FMS is an integral part of university of Delhi but has its own monogram which is different from the parent organization. On the other hand FMSR of Aligarh Muslim University uses the same monogram as of its parent organization.

Why it is so that in spite of very high fee of IIM's in India more than 2.5 lakhs applicant appear for CAT. It is the promise of quality and the image that is built during last half a century.

### **What are the factors which help in building a good Brand for an Institute?**

1. Promise to deliver some level of quality in education and living up to that promise.
2. Should have a policy for logos, brand signatures, use of colors and fonts etc. in documents for application, prospectus, Degree, diplomas, certificate.
3. Providing a better web experience for those who visit websites for information.
4. Using technology for admission processing. For instance certain universities interview candidates online through video conference etc.
5. Maintaining and communicating the heritage of institutes to the potential candidates.
6. Maintaining the record of Alumni and building long term relationships with alumni. This helps in many ways in building brand.
7. Aligning the strategy of institutes with branding strategies and using brands as important constituent of overall strategy.

*Sources: (Dr. Jim Black 2008), (Sevier 2006) and (Pick 2013)*

### **Conclusion**

Business education in India has witnessed many significant changes and challenge since its incetion. Today we are different challenges, mainly derived from globalization and recent financial crisis. Apart from that indian industry demands new set of skills and talent. Market dynamics and the perspective of Indian firms has changed.

The business Schools have the scope for implementing marketing strategies for their servival and growth. They can build their goodwill and strong brand image by applying marketing and branding strategies.

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