

# **Social Responsibility of Business Schools in India**

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## ***Abstract***

*Management education in India has great popularity and demand. Every second Indian is between the age bracket of 18 and 45. Thus management education in India is a necessity as the large pool of youth has to be groomed to lead this nation in the new millennium. But management education in India is yet in infancy. It has to grow to reach the youth and the women of smaller towns and rural India. Business schools in India have to develop innovative models to address this segment of Indian youth. This paper captures the attempts of certain Indian business schools, management associations and business organizations to spread management education to rural India and other segments where the present day management institutions have failed to reach.*

## **INTRODUCTION**

Since 1991 the government of India embarked on the path of liberalization, privatization and globalization (LPG). The license Raj was abandoned and special efforts were made to free the market so that business had the right infrastructure and environment to perform properly in a competitive market. The government changed its role from being an entrepreneur itself, to the role of providing conducive entrepreneurial environment where entrepreneurs not only survive but thrive as well. The concept of India as an emerging free market also brought many foreign corporations into the country.

The ever growing business sector, both in private and public sector firms needed managers who could run the show. Thus, the growing need for home grown managers started growing. Though some business schools were set up by

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the Government, private business schools mushroomed all over the country to produce these managers. The increase in the number of government universities and institutions was insignificant as compared to its private counterparts.

The authors found that the average fee of the top fifty private management institutions was around Rs 2.75 lakhs in 2006 while the average fees of the government management institutions (including the management departments of universities but excluding the Indian Institute of Management) was less than fifty thousand rupees. The cost of the application form of an average B-school is around \$15, thus for most Indians (earning \$3-4 a day) even applying to a B-school is difficult to even dream of.

One third of India lives below the poverty line and 68% of Indians live in rural areas. Table 1 provides the Projection of National Poverty Ratios in India from 1996-1997 to 2011-2012 (Indiastat, 2007,a).

**Table 1**

Projection of National Poverty Ratios in India				
(Percentages over the years)				
Region	1996-97	2001-02	2006-07	2011-12
Rural	30.55	18.61	9.64	4.31
Urban	25.58	16.46	9.28	4.49
Total	29.18	17.98	9.53	4.37

The Population below Poverty Line has been provided below in Table 2 (Indiastat ,2007,b).

**Table 2**

Population below Poverty Line (As per Expert Group Methodology) in India						
Sector	1973-74	1977-78	1983	1978-88	1993-94	1999-2000
Population in Millions						
Rural	261.3	264.3	252	231.9	244	193.2
Urban	60	64.6	70.9	75.2	76.3	67
Total	321.3	328.9	322.9	307.1	320.3	260.2
Poverty Ratio (%)						
Rural	56.4	53.1	45.7	39.1	37.3	27.1
Urban	49.0	45.2	40.8	38.2	32.4	23.6
Total	54.9	51.3	44.5	38.9	36.0	26.1

The two tables tell a story that there is wide spread poverty both in rural India as well as in urban India.

Government alone has not been able to remove poverty even after 60 years of independence. Business has now come forward, especially in Public Private Partnership Projects (PPP) for social and environmental upliftment. Corporate Social Responsibility has become a new mantra for business houses to engage in social responsibility activities. But what about the social obligations of the business schools in India, especially private business schools? This needs to be answered.

### **WHAT SOME B-SCHOOLS ARE ALREADY DOING**

Let us see what the business schools are doing for this section of the society in India. There are some very rare examples of engagement in social responsibility. Bharatiya Vidya Bhavan (BVB) was founded in 1938 with the blessings of Mahatma Gandhi. Bharatiya Vidya Bhavan's, S. P. Jain Institute of Management and Research (SPJIMR) a top B-school in India, had established The Center for Development of Corporate Citizenship (DOCC) in 2001 (SPJIMR, 2007).

DOCC had its origins in SPJIMR's research project for ASSOCHAM, which addressed the issue of socio-economic development of rural India. The Philosophy of DOCC states that through DOCC the institution aspires to:

- Build the managerial potential of the Institute's participants and sensitize them to Indian ethos and culture,
- Act as a medium in creating a network between NGOs and the corporate sector for sustained and enhanced impact of development processes in Indian society.

The Objectives of DOCC are as follows-

- To impart management education that aims to instill respect for values in future managers.
- Add to the efficiency, effectiveness and structure of the NGO sector processes by lending our management learning.
- We aim to involve, demonstrate and create awareness of corporate social responsibility (CSR) in the corporate sector.

Brugmann and Prahalad (2007) in Harvard Business Review (Co creating Business's New Social Compact) wrote that corporations and nongovernmental organizations (NGOs) are learning to cooperate with each other. They are converging their interests and are working together to create innovative business models that are helping to grow new markets and accelerate the eradication of poverty. B-schools have to add to the efficiency, effectiveness and structure of the NGO sector processes by lending the school's management learning as typified by DOCC of SPJIMR. A few rural management institutes like IRMA, IIFM, XISS, TISS etc. are not sufficient to make the NGOs of this country robust and capable to handle poverty and rural challenges facing a large country like India. The mainstream B-schools have to build the capacity of the social sector as its social obligation.

The scandals of Enron, and other similar firms have brought the importance of teaching ethics to the future managers. Business schools should make it a point that ethics and values are taught to students so that they become not just effective and efficient managers but good citizens in the society taking care of not just the shareholders but all the stakeholders. Also, the management institutions should

not only demonstrate social responsibility but create awareness of corporate social responsibility (CSR) in the corporate sector so that more managers and business firms are involved in CSR activities to make this world a better place to live in.

Further, the students should be taught about the reality and conditions in which the poor live in India. Tours and excursions should be undertaken to the poverty stricken rural and urban slums so that the students are not only sensitized but they experience the reality of the poor in India. The management schools should provide incentives and platforms to its faculty to do community work (as their corporate counterparts perform in employee community work). The management faculties can use their core strength to help develop and guide the owners of small business like street vendors to manage their business better and thus, move up in the social ladder. The street vendors and owners of other very small business enterprises don't have knowledge on how to manage their existing business and how to scale up. Most business books are in English, which is Hebrew to these people; so if the faculties can impart management knowledge in vernacular languages in these small businesses, then the condition of these people would improve a lot.

With so many poor and middle class students with talent, the business schools should provide scholarship to the students from this back ground (cross subsidized by rich students rated lower in merit in the entrance examination of the institute). This helps to build the image of the B- school amongst its customers (students) as well as in the society. These students, on the other hand, improve the overall educational and intellectual performance of the institute because of their superior merit. This makes the concept of management education inclusive for a substantial section of Indians.

The Strategic Management Forum of India (SMFI, 2007) is an association of strategic management professionals from industry, academic and public administration fields. It propagates the concept and practice of strategic management in the country. Registered as a non-profit making body in January 1997, it has leading management institutions / corporates and professionals as its institutional and individual members (Sahay, 2006). The Forum also took a major initiative of launching week-long foundation and elective courses for Faculty Development in the area of Strategic Management. The courses are conducted

by premier institutes like the IIMs, IIFT, MDI and XLRI with financial support from AICTE. Academicians, managers, and administrators from business organizations and academic institutions engaged in teaching/training of strategic management can learn from experts who have demonstrated interest in strategic management.

The Management Teachers' Programme is aimed at developing the knowledge, skills and capabilities of management teachers, so that they become more effective and efficient teachers of strategic management discipline. It also is helping in filling the demand-supply gap in the management faculty, especially in the area of Strategic management. Till December, 2006, 269 management faculty members have taken benefit (Sahay A and Kumar K, 2007) out of this social initiative of B-Schools channeled through SMFI. This is another example of the efforts the bigger B-Schools are taking to help in the development of strategic management discipline (a social responsibility addressed).

### **WHAT CERTAIN FIRMS ARE DOING**

HSBC supports village (rural) B-school (Pai, 2007). HSBC started the Mann Deshi Micro Business School to train rural women and girls with no formal education. The school grew out of a partnership between Mann Deshi Mahila Sahakari Bank, Mann Vikas Samajik Sanstha, and HSBC Bank. The school aims to provide technical and marketing skills for women and girls to start and improve small enterprises. The school aims to create opportunities for women and girl students to get into rural job markets and thus, strengthen the economically weak communities around the river Mann in Satara, Maharashtra. The school will provide business skills to students; this will empower women working in the disenfranchised sector. This will lead to an increased rate of return in lending from women entrepreneurs. Microfinance initiatives alone are incapable to help the poorest of the poor who have no vocational skills. The Mann Deshi Micro Business School will fill this gap by providing both vocational and financial training to the women entrepreneurs and secure the benefits from the microfinance initiatives (Asian-Age, 2007).

### **CONCLUSIONS**

This paper attempts to suggest to the Indian management Institutions on how they can address their social responsibilities. The B-schools in India have

to act soon, otherwise the famous story of Bennis and O'Toole (2005) "how business schools lost their way" will get rewritten as "how the Indian business schools lost their way in India." Indian business schools can take the model developed by HSBC Bank in the Mann Deshi Micro Business School. They can very well extend their reach to start their rural B schools; teaching management to the rural populace in Vernacular languages. The students in these rural B-Schools can be offered important business tools through training in financial literacy, marketing techniques and communications skills. Students can also be taught confidence building and other personality development techniques. The activities of DOCC of SPJIMR can be undertaken by other B-Schools. They can also emulate the cooperative model developed by SMFI for generating management faculty which is so scarce. The education policy makers as well as professionals can take a note of these steps and devise appropriate mechanisms to better the domain of management education in India.

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