PRIORITIZING BUSINESS DEVELOPMENT ATTRIBUTES OF BUSINESS SCHOOLS

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Abstract

In changing dynamics of business education the B-schools are trying to create new competitive strategies which can differentiate them from the crowd and can attract students. This study has tried to identify attributes from students' perspective which they consider while evaluating the credentials of a B-school. The study has applied Analytical Hierarchy Process (AHP) technique to prioritize various attributes which a B-school offers like learning and living experience and placements. The results showed that of all the attributes students consider placements to be of paramount importance whereas learning and living experience was relegated to second and third options respectively. Thus, business schools to sustain and increase student enrolments should focus their resources in creating atmosphere of excellence wherein students with management degree can become employable.

Introduction

In the last twenty years, the growth of management education in India has been phenomenal. The first full-time MBA in India started way back in 1957, and the two IIMs in Calcutta and Ahmedabad appeared in 1961 and 62, respectively. It is interesting to note these two B-Schools promoted by the Federal Govt. had the collaboration of Sloan School of Business, and Harvard B-School. Many other B-schools emerged in the 60's and 70's. However, the real growth was from 1991 (the year of liberalization in India). There were a few other interesting developments before this watershed year. XLRI, Jamshedpur, the number one business school in the private sector opened its doors to MBA in 1966. The third IIM in Bangalore, appeared in 1973 and the 4th IIM in Lucknow was inaugurated in 1984. Two other important developments of this period were the legislative framework on regulation of engineering and management education in India that came into force in 1987, and the Association of Indian Management Schools (AIMS) that was inaugurated in 1988. At the time of founding AIMS in August 1988, there were just about 100 B-Schools in India. Thereafter there was a massive surge in the number of B-Schools in the country, almost doubling every five years as it were: in 1988, the number was 100, by 1993, the number was about 200, by 1998, it was nearly 400, by 2003, the number reached nearly 800 and then by 2008 the number reached about 1700 (Philip 2008). This number included nearly 200 Business Schools outside the control of the central regulatory body – the All India Council for Technical Education (AICTE). These six institutions together have only 1600

seats. But they attract over 200,000 applicants for these seats. If not at this scale, some of the other leading B-schools also receive about 200 – 250 applications for every single seat. Obviously, this is the result of the prestige attached to the profession, the employment potential and the image of some of the best B-Schools in the country.

The flip side

In 2003, freshers chose higher education due to the fact that the economy then promised them something really big if they spent two years arming themselves with more skills before venturing out into the job market. In other words, there weren't many lucrative opportunities available for someone fresh out of undergraduate college. There were fewer b-schools in the country, and filling up their intake capacity wasn't that much of a challenge. Seeing this trend, B-schools started mushrooming all over the country over the next five years, some even trying to replicate the Indian Institute of Management model by opening branches in multiple cities. In the last couple of years, since 2008, things have been really bad for most of these private B-schools. They have found it tough to fill their classrooms with quality candidates.

As a nation, India produces the highest number of MBAs in the world. China has 200 B-schools. India 10 times that with some 2,000 government-certified B-schools awarding MBA degrees, or an equivalent and, often, more valuable diploma versions (like those given by the IIMs). There are over 2,400 B-schools in India of which 1,999 are approved by the All India Council for Technical Education (AICTE) and 400 function as unapproved private b-schools. Together, they have nearly 190,000 seats for a total pool of 3.5-4 lakh MBA aspirants. As the number of seats is fewer than the total pool of available students, getting students to enroll should not be a problem for these 2,400 B-schools, on the face of it. However, every year, since the last 2-3 years, an increasing number of B-schools are finding it tougher to fill the complete intake capacity of their MBA batches by the time they begin their sessions. Even about 50 of the best known B-schools, which have enough pull effect to attract excellent numbers are finding situation tough. Experts reckon that between 150 and 200 new institutes apply to the AICTE for permission to set up B-schools every year. The result is that thousands of business graduates being produced are way behind on employability - or the ability to take managerial jobs without heavy doses of training.

This leads to almost a mini recession-like situation, wherein a couple of thousand B-schools have over 1.5 lakh empty MBA seats on offer but no takers. As sustainability of especially privately owned schools depends on earnings from high number of enrolments in their programs so the schools should consider providing services from students' perspective. So, this study makes an attempt to identify and prioritize attributes on which a B-school should give attention to differentiate itself from others in an increasing competitive environment.

Review of Literature

Analytic Hierarchy Process (AHP) and its applications

Rationality requires developing a reliable hierarchic structure or feedback network that includes criteria of various types of influence, stakeholders, and decision alternatives to determine the best choice. Saaty (1994) studied the choice of best among alternatives that people make by applying analytic hierarchy process (AHP) which includes both the rating and comparison methods. This is useful in such repetitive situations as student admissions and salary raises

that must conform with established norms. Saaty (2008) measured the importance of intangibles that need to be traded-off in decision making. The comparisons are made using a scale of absolute judgments that represents, how much more, one element dominates another with respect to a given attribute. The judgments may be inconsistent, and how to measure inconsistency and improve the judgments, when possible to obtain better consistency is a concern of the AHP. The Analytic Hierarchy Process (AHP) is a theory of measurement through pair-wise comparisons and relies on the judgments of experts to derive priority scales.

Yue et al. (2006) introduces a convenient procedure of ranking 'n' alternatives through direct comparisons in AHP. The alternatives were divided into groups in such a way that dominant relationship existed between the groups but not among the alternatives within each group. The analytic hierarchy process (AHP), as one of the widely used decision analysis tools, was criticized since it suffers from scale intransitivity (Ji and Jiang 2003). The authors compared different scales from different aspects, then discuss the transitivity of AHP scales and derived a scale based on the transitivity. In order to deal with the transitivity problem, a consistency measure to reflect the judgmental inconsistency was proposed.

Several marketing applications of the Analytic Hierarchy Process (AHP) are reviewed by Wind and Saaty (1980). The thrust of the paper was discussion of number of illustrative applications of the AHP covering areas such as the portfolio decisions of a firm whose management concerned with the determination of the desired target portfolio and allocation of resources among its components, determination of the directions for new product development, and generation and evaluation of marketing mix strategies.

Leung et al. (2006) use the analytic hierarchy process (AHP) and its variant the analytic network process (ANP) to facilitate the implementation of the balanced scorecard. It has been shown that the AHP and the ANP can be tailor-made for specific situations and can be used to overcome some of the traditional problems of BSC implementation, such as the dependency relationship between measures and the use of subjective versus objective measures. A systematic approach to evaluating casting quality suppliers has been developed using the analytical hierarchy process (Akarte et al. 2001), which enables the combination of tangible and intangible criteria and checking the consistency of decision-making. The approach has been implemented in a prototype web-based system.

AHP is a robust multi-criteria decision making (MCDM) method for solving social, governmental and corporate decision problems. Lee and Chan (2008) adopts the analytic hierarchy process (AHP) to work out the most sustainable design proposal for an area undergoing urban renewal. Bagchi and Rao (1992) illustrate the suitability of the AHP technique by applying it to a study that focuses on the operational problem of effectively ranking a set of potential acquisition candidates against a multivariate set of attributes. Chan & Chan (2010) presents an example on solving the supplier selection problem in the apparel industry by using the Analytical Hierarchy Process (AHP), which takes the operational performance (for example, flexibility, cost, and delivery) into account for supporting supply chain strategies. Majumdar et al. (2004) presents a novel approach of cotton fiber selection using the AHP methodology of Multi Criteria Decision Making. The Analytic Hierarchy Process (AHP) was found to be an effective way to quantify a problem which may become very intricate when the selection criteria are expressed in terms of different units.

Management Education

During the last several decades, business schools have increasingly portrayed themselves as the advocates and teachers of business ethics. In this context, educators have examined, criticized, and written about the questionable actions of many organizations. Business schools are, however, currently facing their own unprecedented crisis in the form of dramatically declining enrollments. McKendall and Lindquist (1997) examine the morality of the various possible response strategies and argue that how business schools respond to this crisis will serve as a clear indication of their own organizational ethics and values. Recent events have raised concerns about the ethical standards of public and private organizations, with some attention falling on business schools as providers of education and training to managers and senior executives. Cornelius et al. (2007) investigates the nature of, motivation and commitment to, ethics tuition provided by the business schools. An appraisal of business schools' corporate identity, level of engagement in socially responsible programmes, degree of social inclusion, and the relationship to ethics teaching was studied. Researchers (Crane and Matten 2004) have suggested that recent scandals have forced a reconsideration of the domain of business ethics and focus of ethical inquiry should be directed towards nature of the business systems in which individuals and corporations operate.

As business leaders try to navigate and rebuild economies savaged by the global meltdown, business schools around the world are rethinking leadership and how to train the next generation of managers in the midst of unprecedented challenges. The reinvention may well be led by India, where explosive growth in demand for management training has opened the door to massive growth and innovation in the business school sector (Westerbeck 2010). According to Cygnus Business Consulting & Research Pvt. Ltd (2009), business education market in India is about Rs.30 billion in 2008 (campus and distance education together) and growing at a rate of 12% CAGR in last 3 years. Currently 1,550 business schools producing over 100,000 management graduates every year is not enough to meet the growing demand for management education in India. Furthermore, the increasingly globalised nature and context of business in the Indian economy require an expanded horizon of management and leadership, which can be achieved through continuous improvement and up gradation of capabilities, skills and change of mindset of the management graduates. Hence, business education in today's environment plays a significant role and should prepare the students to face the challenges boldly.

Research Methodology

The research postulates that a students' attitudinal involvement in evaluating the performance of a B-school can be categorized under three factors viz. learning experience, living experience and placements. This study has used only attitude factors to find out which dimensions under this factor are considered more important while prioritizing different B-schools. Analytical Hierarchy Process (AHP) technique was used to arrange various factors and their sub-dimensions in a hierarchical order to suggest a B-school that which factor is dominant over other factors. The objective of the study was fulfilled by conducting a descriptive research and subjecting students of both public and private B-schools to a structured questionnaire. The intake of all public and private B-schools annually is approximately 200 freshers. The sampling was done to select 100 fresher students of business program from top three state universities and top three B-schools operating in private arena. The primary data for this research was collected through questionnaire in which pair wise comparison was done regarding all the dimensions and sub-

dimensions of the study (as shown in Table 1) to judge the relative importance of compared dimensions. For instance, a respondent was asked to indicate out of two dimensions which he/she thinks as to be important and then was asked to indicate the degree of the dimensions' importance on a 5-point scale where '5' meant extremely important and '1' meant equally important.

The hierarchy of dimensions and sub-dimensions is indicated in figure 1 which includes four levels. The top level of the hierarchy represents the ultimate goal of the problem while the second level of the hierarchy consists of three main channel selection criteria, viz. learning experience, living experience and placements. At the third level, these criteria are further segregated into sub-criteria that may affect the consumer's choice for a particular business school. Finally, the bottom level of the hierarchy represents the alternative business schools.

Hierarchical Model of Dimensions of Business School

Fig. 1

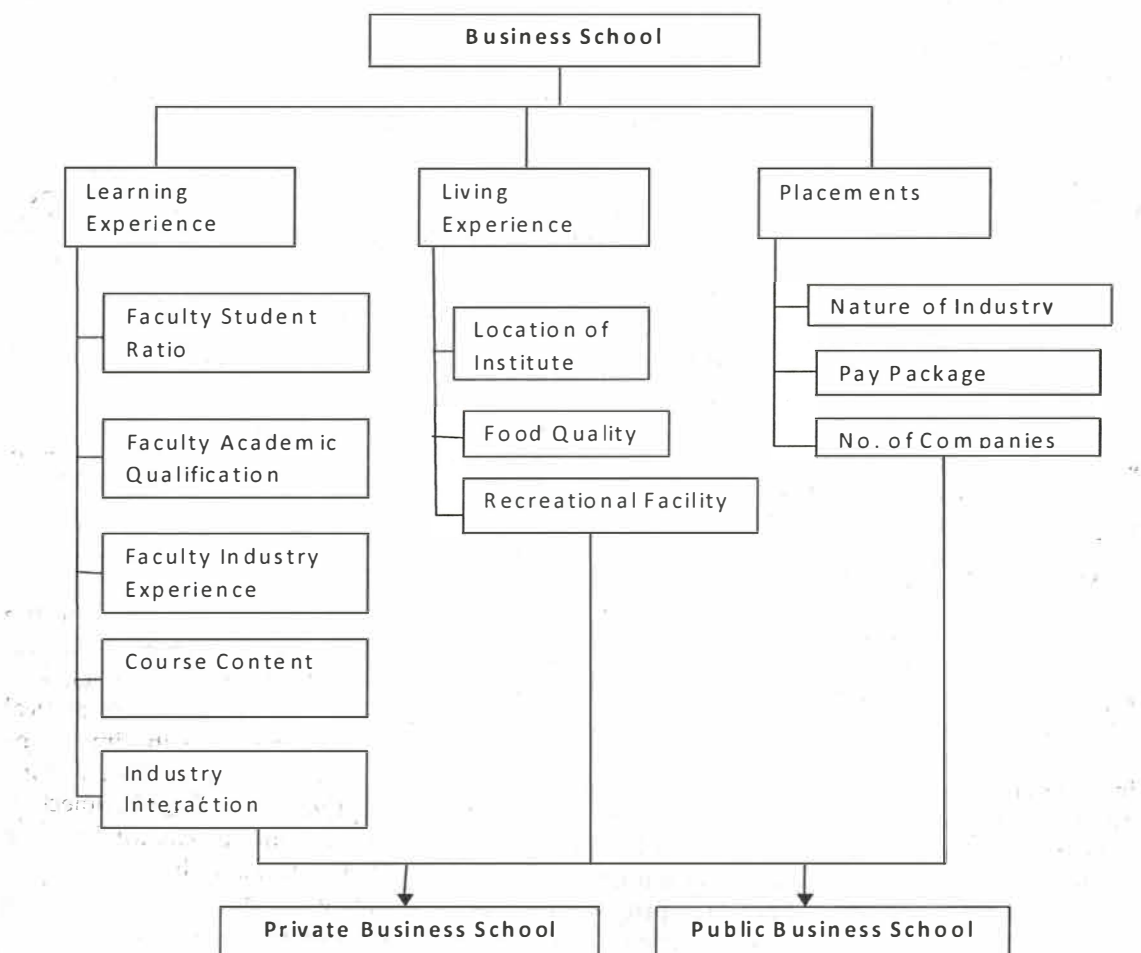


Table 1

Dimensions	Definitions
Learning Experience	
Faculty Student ratio	It includes elements like student/faculty ratio, total number of permanent/visiting faculty members.
Faculty Academic Qualification	It includes the qualification faculty possess, if they are having Ph.D degree, extra certifications, other professional degree etc.
Faculty Industry Experience	It includes the industry experience of faculty, if the faculty has started their career as teacher or have some industry experience
Industry Interaction	It includes elements like number of management development programs/seminars
Course Content	It includes elements like the number of subjects/papers, regular up gradation of syllabus
Living Experience	
Location of Institute	It includes the accessibility of Institute by various means and the kind of location where it is situated.
Food Quality	It includes the quality of food available variety and hygienic food available at campus.
Recreational Facility	It includes the indoor, outdoor games available and source of entertainment available.
Placements	
Nature of Industry	The nature of companies coming for placement from various sectors like Retail, Textile, Banking, IT etc. and location of the company
Pay Package	The highest and lowest packages offered by companies
Number of Companies	It includes number of companies visiting the campus

Analytical Hierarchy Process (AHP) Methodology

AHP is a mathematical approach and was introduced by Saaty (1994). It uses multilevel hierarchical structure of objectives or goal, criteria, sub-criteria and alternatives. The pertinent data are derived by using a set of pair-wise comparison. These comparisons are used to obtain the weights of importance of the decision criteria and the relative performance measures (scores) of the alternatives in terms of each decision criterion.

AHP methodology

Perhaps the most creative part of decision making that has a significant effect on the outcome is modeling the problem. In the AHP, a problem is structured as a hierarchy. The overall objective of the problem is positioned at the top of the hierarchy and the decision alternatives are placed at the bottom. Between the top and bottom levels there are the relevant attributes of the decision problem such as criteria and sub-criteria. The number of levels in the hierarchy depends on the complexity of the problem and the decision model of the problem hierarchy.

This is then followed by a process of prioritization. Prioritization involves eliciting judgments in response to questions about the dominance of one element over another when compared with respect to a property. This requires the analyst to make pair-wise comparisons of elements at each level in the hierarchy relative to each activity at the next higher level. In AHP relational scale of real numbers from 1 to 9 and their reciprocals are used to assign preferences in a systematic manner. When comparing two attributes (or alternatives) with respect an attribute in a higher level, the relational scale proposed by Saaty (1994) is used. The scale is shown in Table 2.

Table 2

Scale values	Definition	Explanation
1	Equal importance	Two activities contribute equally to the objective.
3	Moderate importance of one over another	Experience and judgment slightly favor one activity over another.
5	Essential or strong importance	Experience and judgment strongly favor one activity over another.
7	Very strong importance	An activity is strongly favored and its dominance is demonstrated in practice.
9	Extreme importance	The evidence favoring one activity over another is of the highest possible order of affirmation.
2,4,6,8	Intermediate values between two adjacent judgment	When compromise is needed
Reciprocals	If activity p has one of the above numbers assigned to it when compared with activity q, then q has the reciprocal value when compared with p.	

The next step involves the weight calculation of each level to obtain the overall score of each SST channel with respect to all sub-criteria and pair wise comparisons of the main selection criteria. This is done by using an eigen value method (mathematical approach used in AHP) is used to determine the relative priority or weight of each attribute with respect to each attribute, one level up in the hierarchy.

The last step involves, the priorities of the lowest level (alternatives) relative to the top most level (objective or goal) are determined. AHP is about breaking a problem down and then aggregating the solutions of all the sub-problems into a conclusion. It facilitates decision making by organizing perceptions, feelings, judgments, and memories into a framework that exhibits the forces that influence a decision. In the simple and most common case, the forces are arranged from the more general and less controllable to the more specific and controllable.

Results

Pair-wise comparison and determination of weights of dimensions and sub-dimensions:

The pair-wise comparison matrix of three criteria with respect the overall objective of the present problem is given in Table 3. Here the elements of level 2 are arranged into a matrix and judgments are made according to the Saatys scale.

Table 3

	Learning Experience	Placements	Living Experience	Priority Value
Learning Experience	1	1/4	3	**.243**
Placements	4	1	4	**.639**
Living Experience	1/3	1/4	1	**.117**

From table 3 it can be inferred that student prefer placements the most and living experience the least. Further it is inferred that placements is considered important more than 2.5 times i.e. 0.639 than learning experience i.e. 0.243 and learning experience is considered important more than twice i.e. 0.243 than living experience i.e. 0.117.

The next step is concerned with finding the priorities of various sub-criteria (Level 3) with respect to the corresponding criteria (Level 2), which are situated one level up in the hierarchy. The pair-wise comparison between the sub-criteria of learning experience and derived priority values are shown in table 4.

Table 4

Learning Experience	Faculty Student	Faculty Academic	Faculty Industry	Industry Interaction	Course Content	Priority Value
Faculty Student Ratio	1	1/4	1/4	1/3	1/4	**.0616**
Faculty Academic	4	1	4	1/3	1/3	**.186**
Faculty Industry	4	1/4	1	1/3	1/3	**.112**
Industry Interaction	3	3	3	1	1	**.374**
Course Content	4	3	3	1/3	1/3	**.244**

It can be inferred from Table 4 that student consider industry interaction to be most important in a B-School. The industry interaction having a priority of 0.374 was found to be dominant on other factors of learning experience. On the other hand, the least important factor was found to be faculty student ratio whose priority value is 0.0616. Other learning experience factors like faculty academic qualification, faculty industry experience, and industry interaction come in between of them.

The pair-wise comparison between the sub-criteria of living experience and derived priority values are shown in table 5. By analyzing the Table 5, we can infer that student prefer recreational facility the most and food quality the least. Further it is inferred that recreational facility is considered important twice i.e. 0.590 than location of institute i.e. 0.295 and location of institute is considered important more than twice i.e. 0.295 than food quality i.e. 0.109.

Table 5

Living Experience	Location of	Food Quality	Recreational Institute	Priority Value Facility
Location of Institute	1	4	1/3	.295
Food Quality	1/4	1	1/4	.109
Recreational Facility	3	4	1	.590

The pair-wise comparison between the sub-criteria of placement and derived priority values are shown in table 6.

Table 6

Placements	Nature of Industry	Pay Package	No of Companies	Priority Value
Nature of industry	1	1/4	4	.282
Pay Package	4	1	3	.589
No. of Companies	1/4	1/3	1	.126

By analyzing the Table 6, it can be inferred that student prefer pay package the most and number of companies visiting in campus the least. Further it is inferred that pay package is considered important more than twice i.e. 0.589 than nature of industry i.e. 0.282 and nature of industry is considered important more than twice i.e. 0.28 than number of companies i.e. 0.126.

Table 7

	Learning Experience (0.243)	Placements (0.639)	Living Experience (0.117)	Priority Value
Private B- School	0.7828	0.7976	0.7952	0.792
Public B-School	0.1955	0.1994	0.1988	0.194

The next step was to calculate global weights of sub-criteria with respect to two different categories of B-schools. This was done by multiplying the relative weight of sub-criteria with the weight of business school and then summing up. The, global weights of all the sub-criteria corresponding to two different categories of B-school were calculated as shown in table 7.

The results as indicated in the above table shows that students consider private B-schools as more preferred in providing services as compared to public B-schools.

Conclusion

Globalization and liberalization has resulted in increasing demand of management graduates from both manufacturing and service industry. Even the government organizations are looking for B-school graduates to manage their operations in a more efficient and productive

manners. The increased demand of managers with degree in business management has caused mushrooming of B-schools all over the country. But the students are facing with situation of possessing a easy management degree from a second or third tier business school and lack of employment opportunities. Under this scenario when students are losing faith in management education and B-schools finding difficult to fill seats in their institutes it is becoming increasingly difficult for numerous schools to stay afloat. So, the study was carried out to study the changing dynamics and identify the attributes the students consider while selecting a particular B-school by using AHP. The results of the study suggested private business schools to be the most preferred in comparison to government owned. One of the major reasons found to be the students consider these schools to provide better job opportunities as these schools make extra effort to make companies visit their campuses and provide employment to majority of the students. It was interesting to find that private business schools have scored highly for all three categories of attributes indicating that increasing competition have forced them to march ahead of most of the publicly governed business schools.

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