

# Social Context of Management Education: Institution Building Experiences at IIMs

**COLLOQUIUM**

includes debate by practitioners and academicians on a contemporary topic

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## Executive Summary

IIMs have played a significant role in realizing the societal aspirations of India becoming a creative, compassionate, and developed nation. This needs attention of all stakeholders. Very few people know that IIMs contribute as much, if not more, to public action and management as to the private sector management. The purpose of this Colloquium is to proactively ask questions which will help IIMs to explicitly state their contributions to the society and be ready for challenges ahead. Some of the key issues discussed in this Colloquium are:

- The **processes** through which IIMs have defined their goals and directions over the years.
- Adequacy of **initiatives** taken by IIMs to generate greater social, ethical, and professional accountability among students and executives trained at IIMs.
- IIMs' **institution building** role and its impact on the quality of management education and practice in India.
- Factors contributing to the **elitist character** of IIMs and its social context and significance.
- The potential for IIMs playing a **catalytic role** in facilitating, empowering or serving the small-scale, unorganized/under-managed sectors and other civil society organizations.
- The role that IIMs see for themselves in **building India** into a developed nation.

The following points emerged from the discussion:

- IIMs have made a tremendous contribution to the Indian economy by providing corporate leadership. The skills developed and honed in IIMs should be extended to other sectors and institutions.
- IIMs form the backbone of our country's economic success by helping professionalize management for all sectors of the economy and providing the entrepreneurial, technical, and skilled personnel for superior wealth generation.
- IIMs offer a model for management education with open and merit-based admissions, good and relevant curriculum, campus placement, and a general motivation to be relevant to the social needs.
- The participative, decentralized, and transparent governance system can make IIMs the role model for excellence-seeking institutions.
- If global reputation for distinctive contribution and institutional excellence has to be sustained, IIMs would need to coordinate their approaches to addressing opportunities in globalization.
- To gain social legitimacy and respect of various stakeholders, IIMs need to take proactive steps to bring students from less privileged social backgrounds.
- Higher management education institutions such as IIMs should develop a coherent and compelling vision of how they would want to contribute to the new, liberalized India. Visioning must be participative and must involve all the stakeholders. ❧

## KEY WORDS

Management Education

Institutional Building

Elitism

Governance

Corporate Social Responsibility

Academic Excellence

Globalization

## I G Patel

Former Director, IIM, Ahmedabad and  
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There is a great deal of legitimate concern and unease as well as ill-informed criticism about the state of higher education in India. Many feel that the present system of higher education is elitist and should not be pampered further. On the other hand, most educationists are worried about the poor quality of teaching and research in most of our educational institutions. They emphasize the need for much greater resources if higher education is to be worthy of the name and if at least some institutions of higher learning in India are to be world-class and cater to the vastly complex needs of a knowledge society. In the new world of globalization, it is the quality of knowledge and research and skills which will give competitive advantage to a country and not cheap unskilled labour or even natural resources. Are we not living on the capital created in the early years of Independence by the vision of a Nehru or a Bhabha or a Mahalanobis?

First of all, if we are to meet the needs of a globalized society, let us not decry, denigrate or debilitate such centres of excellence as we already have. IIMs, IITs, Indian Institute of Science, Tata Institute of Fundamental Research, National Drug Research Laboratory, National Physics or Chemical Laboratories and many others are among the best in the world. We have to strive to make them better — not worse.

I would agree that elitism is inherent in our present system of higher education. By and large, the middle and upper classes benefit by it and the poor have little access to it. I am afraid this is true to some extent of every country — be it India, the UK or the US. The relatively better-off with higher education in the family for generations have an advantage which gets compounded by their ability to send their children to better schools. To pretend that we can avoid this altogether and everywhere is hypocritical. At the same time, it cannot be denied that these so-called elite institutions do have some social responsibilities. To gain social legitimacy and respect of various stakeholders, it becomes unavoidable for such

institutions to take certain proactive steps to alleviate the situation. Let me just mention a few things which are crying for attention.

- Basic talent is distributed fairly widely and uniformly in the society. What one needs to outperform and make it to the top is capacity building. What steps have technical or professional institutions such as IITs and IIMs taken to achieve such a goal?
- Given the tough standards of entry in the institutions of higher education, only the most meritorious are able to reach such institutions. This is to be expected. But, the truth is that, to gain social legitimacy and respect of various stakeholders, such institutions have to take proactive steps to bring students from less privileged social backgrounds. Indian administrative service tried and succeeded in this mission.
- When economically weak students do enter such elite institutions, there is a need to provide them financial and other assistance to lessen the stress on their families. A fund of Rs 2.5 million was created for such a purpose several years ago at IIMA. We need to gauge the effective utilization of the fund till recently and the proactive steps taken to reach out to such students.
- There are several reasons why students from institutions like IIMs go to well-paying corporate jobs.

Much of the public sector does not have the organizational environment to absorb the skills and perspectives that such students are equipped with. But, one could try to provide incentives to students to encourage them to go to social and under-managed sectors. For instance, one could write-off the loans or pay the loans of such students who go to such sectors even for one or two years. Every developmental institution has to cross-subsidize. Why can't the better-off students pay more so that the less privileged students can pay less and some go to work for NGOs or such other institutions?

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- Tremendous social capital has been invested in the building up of IIMs and IITs and there is no doubt that the society has a right to demand returns on this investment. There is a need for greater social engagement. Special programmes for women and other socially disadvantaged sections must be organized and a fund be created to pay their fees, of course, on merit grounds. Equality of opportunity has to be ensured even in Management Development Programmes (MDPs) as managers from less privileged classes have no less talent than those whose employers or who themselves can pay to get high quality executive training that IIMs offer.
- Yet another way to create new elite with may be higher social conscience could be to track toppers of school exams in different states and encourage them to apply to such elite institutions. By supporting some of the students from disadvantaged social

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background who otherwise cannot afford elitist education, they may be brought into the mainstream through such proactive steps.

My question is: Are institutions of higher education listening enough to the voices at the grassroots in society? The pyramid for social climbing is becoming steeper and steeper with passage of time. The base from which elites are drawn and the constituency which they serve is becoming thinner. Can the pyramid become flatter? Will IIMs take more proactive steps to bring young students and professional managers from various social streams into their elite club so that the elite themselves become more

socially aligned and responsive? After all, the autonomy these institutions have enjoyed and quite well deservedly also cast on them greater social responsibility. There is no way by which the demand for such an accountability can be dismissed as an unnecessary call on their doors. ♡

## Samuel Paul

**Former Director, IIM, Ahmedabad;  
Chairman, Public Affairs Centre, Bangalore**

IIMs were established by the Government of India as a part of its industrialization and modernization strategy. IITs had already arrived and management education was seen as a complementary input along with technology for the modernization of the Indian economy. It explains why these two sets of institutions were brought within the purview of the technical education wing of the Ministry of Education.

The public perception about most institutions of higher learning is that they are elitist. There is nothing surprising about it as they cater largely to rather small and select groups of young people whose parents were able to give them a good education. Among such institutions, IIMs stand out because of the high barriers to entry into these institutions, placement of their graduates in the corporate sector, and the global opportunities that come their way. How-

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ever, the only news about them in the media usually pertain to the high salaries offered to the new graduates almost as if salary is a proxy for excellence! Little else was written about them in the press until the infamous 'fee' issue came along. It merely reinforced the elitist image of IIMs.

But those who founded these institutions were inspired by their potential for professionalizing management. They may have been aware of the elitist trap along the way but that would not have stopped them from taking the route they did.

The first three IIMs to be set up were keenly aware of the larger role they had to play in the nation's development. Even though IIMA and IIMC had well known US business schools as their collaborators, they did not confine their attention to the private corporate sector

alone. At IIMA, the early establishment of the Centre for Management in Agriculture (CMA) and the later creation of the Public Systems Group (PSG) testify to its larger vision. IIMA has collaborated with the National Academy of Administration at Mussoorie for several years in IAS training programmes. Much field work was done at this time and new cases were developed for use at the Academy. IIMA also incubated the Indian Institute of Forestry Management and contributed to faculty development at many universities.

At IIMC, many programmes were conducted for public enterprises and advisory services were provided to various governments. At IIMB, there was an ambitious effort to work on the management issues of a variety of sectors beyond industry. A good deal of research, training, and consulting was thus done for the government, social sectors, and other non-corporate sectors. The fact remains, however, that these initiatives did not result in a significant diversification of the IIM programmes. The corporate sector focus continued to be the dominant and the most visible image of all IIMs. It is important to see why this has persisted.

Some might argue that IIMs did not adequately highlight their work beyond the private corporate sector. Though there is some truth in it, I doubt very much that more aggressive publicity would have helped. There were more important and subtle factors at work. First of all, management knowledge and curricula have evolved around the corporate sector and it is this pool of knowledge, concepts, and tools that the IIMs borrowed from abroad. It made it easier for IIMs to organize programmes and undertake consultancy for the corporate sector. Even if IIMs invested in research to generate knowledge on other sectors, it would have taken time. Thus, there was a head start factor in favour of serving the private corporate sector.

Second, there was greater response to IIMs from the corporate sector than from other sectors and public agencies. The post-graduate and executive programmes are the best examples. The corporate sector absorbed

almost all the new graduates. IIMB's graduates who specialized in other sectors did not find suitable placement. These specializations were later on discontinued. Consulting work was also dominated by the corporates. Government agencies that badly need management skills have many constraints in recruiting IIM graduates and attending executive programmes. Their procedures and compensation policies are such that they cannot effectively compete with the private corporate sector. Under-served sectors such as cooperatives or health may benefit even more from modern management but they are unable or not motivated enough to respond. And this is made even worse by the much higher salaries and career prospects corporates are able to offer to the new graduates.

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IIM programmes but are often unable to apply their new knowledge in their settings. Either the system may not permit it or sustaining new ideas becomes difficult in a bureaucracy that does not reward them. This was the problem with IIMA-National Academy collaboration. The programme got off to a good start when the IIMA faculty was directly involved. But, when this period of joint work was over, the Academy was unable to sustain the programme with the same vigour. Factors such as changes in leadership and faculty may well have been responsible for this decline. Many consulting assignments for the government may also

have had a similar fate.

Given this scenario, it is not surprising that IIMs have been dominated by their corporate sector focus. It will not be easy to reverse or weaken this trend. But, surely, IIMs can take steps to address the needs of other sectors that are important for the country and the government. Even the private business schools in the West have diversified their work along these lines. Leading business schools in the US, for example, have created special programmes for small entrepreneurs, the farm sector, and non-governmental organizations. Some of them have funded research on the problems of these

organizations. There are dedicated faculty groups who publish on these subjects. There is no reason why this cannot be done in India by the publicly funded IIMs. No one should be under the illusion that this shift will erase the elitist stamp on IIMs. The endeavour should be to do what is right for the country.

As noted above, several IIMs have already launched initiatives that go beyond the private corporate sector. A recent example is the creation of the Centre for Public Policy at IIMB that has a long-term programme for central and state level officials. Perhaps, they are not publicized enough and hence may not be fully known to the circles that matter. Of course, much more needs to be done beyond publicity. What steps should IIMs take to move in this direction?

- The faculty of IIMs should be sensitized to the need to have a broader view of the management needs in the country. The new faculty who come from diverse fields may not be fully aware of the new role they are expected to play. In earlier years, some of the IIMs had a practice of orienting the new faculty to the vision and scope of their institutes. The collaborating US schools also helped with this process. It is important that the key professionals in IIMs share a common vision of their role and contribution to society.
- There are many ways to encourage faculty and boards to think along these lines. One that has been tried out at IIMA is a faculty Committee on Future Directions that deliberates and recommends an agen-

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da for action. Another option is to systematically consult with different stakeholders (not only the corporates) who may have useful ideas to offer. This implies, of course, that the institutes and their leadership including the faculty are willing to introspect and look for new ideas. It is the only way to avoid others pushing their agenda on IIMs. The initiative for change should come from within.

- International experience clearly shows that new initiatives invariably call for fresh investments and dedicated groups. It is easy to produce one paper on a subject or to offer a course on a one-time basis.

But, to generate systematic knowledge on a sector or to develop new concepts and tools, longer-term investments and team efforts will be required. The kind of home work to be done to make this happen will not occur in the absence of a fair measure of internal consensus and institutional support.

- Institutional autonomy and flexibility are pre-requisites for doing the different things mentioned above. It is unlikely that those who

look to the government to be told what they should do will make use of the autonomy they possess. Many educational institutions are run in a bureaucratic style. Autonomy seems to be wasted on them. The traditions of IIMs in their early years were very different from this style. It was not uncommon for them to influence the government's ideas and ideas for IIMs. I hope that the newer IIMs will learn from this experience and tradition and guard and use their autonomy to the best of their ability. ♡

## Pradip N Khandwalla

Former Director, IIM, Ahmedabad

Professor Anil Gupta has posed a tough set of questions about the dilemmas of IIMs in the context of the face-off between IIMs and its major funder, the government. The crisis seems to have passed due to political reasons. But, it could recur, in the same or other forms, so long as the dependency on the government is not addressed.

I am nowhere near as familiar with the other IIMs as I am with IIMA, where I spent nearly 27 years of

my professional life. So, my remarks pertain primarily to IIMA, though I hope they are not wholly irrelevant to the other IIMs. The tension between a principal funder and an institution of academic excellence is a continuing one but if IIMA retains its major strengths and responds creatively and effectively to these tensions, it will emerge stronger. Let me first list the strengths that IIMA, and generally all institutions of



excellence, must retain or develop.

First of all, IIMA stands out as one of the few institutions in India that has a genuinely participative, decentralized, and transparent governance system. In theory, almost all the powers are vested in the Board of Governors and the Director. In reality, much of the decision-making is with the committees and individuals. The faculty, for instance, through various committees, has considerable say in the selection of the students and faculty members, in faculty promotions, in the content of the academic and training programmes that are offered, in the research that is funded, and even such financial decisions as the fixing of the fees. Individual faculty members have freedom to design new courses and training programmes, decide on the course content and pedagogy, and what research to undertake. Not that the decision-making process is a smooth one. It is frequently turbulent and occasionally exasperatingly slow. But, the process nearly mirrors the kind of democratic and participative civil society that we aspire to. In this sense, IIMA is a role model for all the excellence-seeking institutions of this country. They all have a stake in the excellence-through-autonomy of IIMA. Their support is worth cultivating in the present crisis.

Secondly, no one so far has credibly pointed to any hanky-panky in IIMA's selection of students and faculty. Here again, IIMA is a role model for many institutions in terms of institutional integrity. The latter is a scarce commodity. No government in its right mind would want to put it in jeopardy through its actions.

The third strength of IIMA is its institutional creativity. It has not only spawned several academic and training programmes of widely recognized excellence, these programmes themselves are continuously being re-invented. In many academic institutions of India, the syllabi hardly change in a decade and courses are more or less frozen in time while the relevant fields of knowledge go galloping. At IIMA, practically

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estimate is that, over the years, IIMA faculty, research staff, and students have produced a thousand books and research monographs, and several thousand papers, case studies, and teaching notes. This is a contribution to the Indian management knowledge pool of monumental proportions in a country in which the style is to replicate in the classroom mostly American and British management wisdom — of a decade or two back. This contribution is not well known. It should be publicized a lot more. No one in his or her right mind would want to erode IIMA's capacity for generating new and relevant management-related knowledge.

Fourthly, almost from its inception, IIMA has regarded itself as not just a business school, but as an institute of management. This is where it sharply differs from the leading overseas business schools. Over the decades, it formed centres and groups to contribute to the effective management of agriculture and rural development, developmental administration, population control, energy, health, and education. These groups have extended the impact of IIMA well beyond the corporate sector. This contribution of IIMA also is not

known enough. Again, no major stakeholder in IIMA would want to erode this capacity of IIMA to contribute, through research, training, and consulting, and rejuvenate what are known as the priority sectors of our society.

There are many more contributions of IIMA. But I will mention only one more. If professional management has become an honoured phrase in India, a country in which

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business, not too long ago, was considered an unscrupulous activity, significant credit must surely go to IIMs, notably to IIMA. Thanks to IITs and IIMs, the country is ranked high among the emerging economies on the quality of its technical and managerial manpower. This talent pool is a potent factor in attracting increasing foreign investments to India and in the globalization of Indian industry. It would cost the country dear to undermine this contribution.

Of course IIMA has its warts. It has been slow in grasping the opportunities opened up by globalization. Most of the graduates of its Post-Graduate Programme (PGP) tend to opt for cushy jobs in cushy companies for cushy pay and perks rather than prove their mettle as entrepreneurs or as intrapreneurs in dynamic companies short on professional management. IIMA could do a lot more to foster in its students a stronger sense of business ethics and corporate social responsibility, two areas in which IIMA may be lagging behind its peers in the West. It is yet to develop a coherent and compelling vision of what it wants to contribute to the new, liberalized, but still very poor India. It could have contributed more aggressively and effectively to such priority sectors as the creaky Indian governance system that have been such a drag on our quality of life. There is a fear that the IIMA is stuck on a plateau. It needs to re-charge its batteries. Effective visioning is a process that can help institutions like IIMA to leap from one level of functioning to significantly higher levels of excellence. I suggest four elements of collective visioning by IIMA:

- The first element is one of institutional scope. What kind of a profile, through expansion and diversification, acquisitions and divestments, joint ventures, internationalization of activities, etc., does IIMA want to have, say, by 2010?
- The second element involves the visioning of institutional performance by 2010 in terms of international rankings, educational and research quality, and earnings to secure financial self-reliance.
- The third element involves the visioning of the

quality of functioning by 2010, say, in terms of the professionalization of administrative staff and far better administration, speedier and more expertise-based participative decision-making, and greater entrepreneurship in identifying and grasping the opportunities afforded by economic growth and globalization.

- The fourth element is what IIMA should contribute to the management scene and to the quality of life in India.

In the past, IIMA has, of course, engaged in visioning exercises, primarily through the device of the Committee on Future Directions set up every five years or so. Its deliberations have involved most stakeholders and its report is widely discussed internally. Some of its recommendations are implemented. But, in my experience, the implementation has been generally quite tardy and so the impact and the benefits have been limited.

Visioning must be participative and must involve all the stakeholders. In the context of IIMs, it must involve not just the faculty and the Board, but also the alumni, the students, the various sectors served by the institution, and also the government. Since the process of visioning is as important as the vision itself, the help of one or more process consultants may be helpful in ensuring

that the process is participative, there is enough brainstorming for creative perspectives and options, and equally, there is a robust way of reaching a consensus on the institutional vision. Retreats help and so could Devil's advocacy to ensure that the vision has anticipated most of the likely impediments.

Visioning is an exercise in wishful thinking if there is no effective implementation strategy. Visioning must be accompanied by an implementation strategy that breaks the task of agreed upon change into missions, specific tasks, structures of implementation with specific accountabilities and timelines, monitoring and review mechanisms and schedules, incentives for excellence in implementation, and so forth. Times have changed. There is a lot more competition now; opportunities are now

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fective implementation are the oars with which IIMA must row into vaster waters. ♡

## Amitava Bose

Former Director and Presently Professor, IIM, Calcutta

The vision with which IIMs were set up was a vision with a difference. Indeed, it was never the intention that IIMs would be carbon copies of run-of-the-mill business schools that cater to the needs of the private corporate sector only. They were visualized as management institutions that would be capable of answering to a much wider societal mandate. The idea was to produce managers who would perform with equal ease no matter where they might be located. However, at the end of the day, the question remains: how much impact has all this created?

The most visible of all IIM activities is the PGP. Most critics of IIMs argue that the products of the PGP have only benefited the private corporate sector and foreign multinationals. That could not have been the objective with which the Government of India set up these institutions and funded them. Critics would like to see more of our students addressing the needs of public institutions including public utilities. They would be happier if our students had improved the way our railways are run, the way traffic in our cities is controlled, and the way in which our hospitals are managed. They assert that our students have not addressed the needs of the so-called 'under-managed' sectors of our economy.

There is a sense in which the PGP is unabashedly 'elitist.' It is a very exclusive programme. It cannot but be exclusive since it is merit driven. Those who do not possess the cut-off merit just cannot get in. There is one more point that is relevant here. Management education is market-driven in a way that university education in general is not. Because of the high credibility enjoyed by the meritocratic PGP, excellent placements are assured for its products. This has induced more and more of the brightest students of the land to try for admissions here. As a result, IIM students are among the best in the country.

The best students are going to want the best jobs. This is the reality. Whether we like it or not, the best jobs are nowadays defined in terms of money and authority. As parents, we push our children relentlessly in the direction of careers promising assured money and authority. It may be sad but it cannot be denied that the best jobs are not in the 'under-managed' sectors but in the private corporate sector and with multinationals. Because of the operation of the profit motive, these jobs are also most demanding. At the same time, rewards for notable performance are quick in striking contrast to 'promotion-by-seniority-when-a-vacancy arises' in government and the public sector. If the 'under-managed' sectors want to hire from IIMs, they must improve their absorptive capacity.

A case in point is the IIMs themselves. Can IIMs hire their own students as managers? Do IIMs promise attractive managerial careers? The older IIMs in particular are straddled with administrative rigidities which are quite out of line with the challenges of the contemporary world.

IIMs are not all-powerful. They may try but are unlikely to influence politically sensitive HR policies in the government sector. Again, they may try but are unlikely to alter preferences of the modern parent or aspirations of today's youth. There is, therefore, only one way by which IIMs can get their products to go to the 'under-managed' sectors: they have to reposition themselves so as to exclude the academically brightest students. One way to do that would be to announce that IIMs are not going to offer placement services and to change the curriculum to exclude 'Westernized' topics such as modern financial management, strategic management, etc., and introduce larger doses of public service-oriented courses. What is quite certain, however, is that many faculty members would not agree to such a change. Also, which alumnus would want to see the IIM brand

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equity getting dissipated? So, that is where the problem lies. Of course, once the best students stop coming in, the best faculty would also pack up and go. There are many very good private institutions which will cash in on the exodus.

In other words, given the nature of the world, IIMs are 'elitist' in the sense of academic exclusiveness. Elite jobs and academic merit go hand in hand. This may appear to be an unfortunate trap for development. But is it really a trap? There are many who would argue that most development problems are non-academic in nature and do not require academic brilliance for their solution. Why not leave academic brilliance for universities to tackle? Publicly funded management institutions ought to give priority to development and if that means getting rid of obsessive preoccupation with academic credentials then so be it.

The response to the above is the following: While striving after academic excellence does not automatically address the pressing issues of development, lack of academic excellence does not automatically foster commitment to national development either. There are many schools already in existence which do not cater to the brightest students. Why are the products of these schools not helping to solve the pressing problems of development management? Is the government doing anything to absorb them in the 'under-managed' sectors?

It would not be appropriate to judge the PGP of IIMs solely in terms of direct placements. The PGP has set standards for hundreds of other schools to emulate. The PGP syllabus has been used as a benchmark for other

## **K R S Murthy**

**Former Director, IIM, Bangalore**

The social context of elitism in management education has changed significantly since the first two IIMs were set up in the 1960s. When India embarked on planned economic development, the need was felt for engineers and managers. Industry was unfamiliar with the modern management concepts, methods and techniques. IIMs were to introduce modern management education in India. Its graduates were to complement the supply of

schools. As a consequence, IIMs have had a catalytic effect on management education in the country. Yet, there is room for improvement and I would like to make a concrete suggestion.

There is a certain amount of contribution that IIM faculty teams have been making to policy making in terms of research, consultancy, and training. My suggestion has to do with how to enhance a typical PGP

student's involvement with developmental problems of the country. The suggestion is that the institutes should take up large on-going research projects studying different sectors of the country and 'execute' these through the PGP. The word 'sectors' is being used in an elliptical fashion and a little loosely. These could be defined in different ways. They could be defined in terms of products (e.g., agro-based industries such as tea, sugar, etc.), services

(transport, power, etc.), organization (informal, factories, peasant farming, etc.), geography (rural Bengal, etc.) and so on. The projects should be so designed as to require considerable field work and the students should be assigned to spend time on the field as part of the core curriculum. The hard work is not how to design such projects but to organize their execution. We would need the government's help.

The idea seems to be promising. In this manner, not only would IIM students and teachers contribute to the development literature (and thereby to policy making), the very process of participating in the field surveys would enrich their understanding of the ground realities. The effect of this on fresh minds can be expected to be far reaching and permanent. ♡

engineers from IITs. Planning was done to balance the supply of engineers and managers with the expected needs of the industry. However, this balancing did not take place at the micro level because the large and heavy industries were primarily driven by the government, while the graduates of both IITs and IIMs preferred other avenues.

The challenge for IIMs was to learn and absorb the

American management education and practices, adapt them to the Indian context through research, familiarize Indian industry with modern management methods and techniques, and find placement opportunities for the graduates.

In the early years, the IIMA Board worked informally like a self-governing society. There was strong support from the state and central governments. The fluid initial conditions, the tall leadership, and the quality of government decision makers in the government enabled the management of strategic discontinuities in location, in the choice of collaborator, in negotiations with the state government, the collaborator and Ford Foundation, as also in enlisting the cooperation and support of industry. The Board of Governors mediated and facilitated institutional leadership to enlist the required support from industry and to overcome the many constraints arising out of governmental rules and procedures.

IIMA and IIMC invested heavily on faculty and adaptation, either through case development or other research and innovation in curriculum. The faculty learnt and adapted the American management practices and educational methods and delivered excellent education in a contextually relevant manner. Awareness was created among target groups about the usefulness of the institute's products and services. Consultancy was undertaken as a way of learning about the challenges faced by Indian managers.

Simultaneously, IIMA also set up faculty groups to work on agriculture, banking, and other sectors. In order not to impose any additional burden on the government budget, other than that required for the PGP, the sectoral faculty groups were required to be self-financing, which also enabled them to be responsive and relevant to practitioners.

Private industry recognized the useful contribution that the executive programmes and the graduate programmes could make to managerial practice. The Institute's reputa-

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The elitism came from merit and success in competition. That is the way the students got tuned to before, during, and after their educational period in IIMs, quite a different characteristic vis-à-vis the elitism of the IAS cadres.

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tion and confidence increased. The sector groups were able to provide significant help to policy makers.

Thus, although unable to attract graduates into its operations, the Government of India had successfully launched some important and useful elitist higher educational institutions. For a variety of reasons, the turnover of graduates in industry was high. Although their merit,

education, and potential were acknowledged, there were criticisms that the graduates were arrogant, ambitious, and selfish. I do not think that they were any more so than any other group of successful young professionals. The careers that they finally settled on were as diverse as that of any other professional group. Not infrequently does one come across IIM graduates who have become entrepreneurs, senior managers in non-government organizations, public enterprises, and even joined civil services after competitive examinations. Thus, IIM graduates have contributed significantly in a number of sectors and areas.

In the 1960s, the social context provided few alternatives to bright and merited youngsters other than the IAS. In that context, the transparent and merit-based system of IIMs provided a respectable alternative career choice. More and more youngsters competed for a chance, which was available irrespective of caste, region, religion, or subject of study at the graduate level. The elitism came from merit and success in competition. That is the way the students got tuned to before, during, and after their educational period in IIMs, quite a different characteristic vis-à-vis the elitism of the IAS cadres. For, the

IIM graduates do not enjoy monopoly or governmental power that the IAS cadres get accustomed to. The network of IIM alumni is quite different from the network of the IAS. A get-together of the IIM alumni is mostly a personal and emotional affair, without any of the dynamics of power of network of an IAS batch. The opportunities that IIM graduates get are open to non-elitists — non-IIM graduates and even non-graduates — unlike the IAS. Their

organizations too have to compete, unlike the government.

The elitism of IIMs was also due to the sector faculty groups, which earned the goodwill of policy makers and professional bodies, sponsoring their research studies. The watchwords were social relevance and excellence. In the 1970s, a visiting professor of strategy and organizational theory from Case Western Reserve University to IIMA compared the research output of IIMA faculty with those of his University. His finding was that while the topics chosen by the faculty of his University were theoretical and focused narrowly on organizational issues, the topics that the IIMA faculty chose appeared to be much wider in scope and addressing practical problems. Even at the cost of not finding a place in international journals, the faculty preferred focusing on work that was relevant.

Although, many private institutions and university departments followed the example of IIMs and started management education programmes, their number was less than a hundred. The IIMs stood apart in terms of their faculty, campus, and other resources.

The elitist status of the institutions and their graduates, naturally, gave rise to the question: why should the government subsidize the education of elitist managers who serve private industry, especially the multinationals? The Government of India could have made the IIMs self-financing, with greater autonomy in fixing the fee, and raising other funds. But, it did not. IIMs continued to balance their budgets and the various demands on them through a combination of project funding and government grants.

The social context changed in the 1970s, with the government moving further towards tighter government control of the economy. With nationalization of banking, coal, and other sectors, and the focus on poverty removal and rural development, it was felt that there was a need for young graduates in the public sector. It was in such a social context, and as a departure from the earlier IIMs, that IIMB was set up in the 1970s. Building on the experience of IIMA and IIMC, IIMB started on the as-

sumption that a model of management, relevant to the large and growing Indian public sector, could be indigenously built and delivered. It did not collaborate with any foreign institution. It expected that the government and the public sector would support and absorb the output. Again, that did not happen, although some public enterprises, with good leadership, were able to attract some of the IIM and non-IIM management graduates to their organizations.

The IIM model for management education — its open and merit-based admissions on an all-India basis, good and relevant curriculum, and campus placement efforts, and a general motivation to be relevant to the social needs — was emulated to different degrees by many private colleges and even university management departments. The functioning of IIMs with many sentient groups, flat and participative decision-making structures was a great departure from the functioning of a typical university, with its hierarchic, non-responsive, and highly politicized systems. While some universities tried to give greater autonomy to their management departments, the IIM model could not in general be replicated in the Universities and the colleges as they could not mobilize the requisite faculty and other resources.

There has been a rapid expansion in management education, beginning with the late 1980s and early 1990s. There are now nearly 1,000 institutions, which are offering masters level education in management, with a capacity to graduate over 60,000 a year. The number of institutions offering management education in various application areas such as health has also increased. Elitist groups are increasing in a number of areas — R&D, Information Technology, Biotechnology, Drugs and Pharmaceuticals, and the Capital Markets, with or without formal management qualifications.

The growth impetus has come from the economic reforms of the 1990s which has released private energy and initiative. Just as the Indian subsidiaries of the multinationals were the first to recognize the value of the IIM graduates in the 1960s, the new multinationals entering India have been quick not only to recognize the

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value of the graduates of IIMs, but also in recognizing the potential for research collaboration with Indian research institutions. Indian industry, under intense international competition, is becoming active not only on Indian campuses but also on campuses abroad. Globalization has taken off. The media is tuned to the global systems. It terms the IIMs as B-schools, ignoring the deliberate choice of management, instead of business, in their very names and the many programmes and activities that IIMs are involved in.

In this social context, there is a need to redefine the standards for excellence and relevance of India's elitist educational institutions. IIMs need more focus and intensity for their teaching, research, and consultancy activities. If achieving such intensity in all the current activities is difficult, they need to select and synergize. Internal structures and policies, especially the government constraints in personnel management, have to be changed.

One major lesson from the institution building experience of IIMs is that while the state and central governments can be expected to be supportive, especially in funding in good times, they cannot provide the initiative and timely coordination across different departments or ministries. In the planned era, the government was indifferent enough not to impose drastic changes on IIMs. That has not been the case in the more volatile social context since the 1990s.

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to this situation than IITs as they were autonomous. IITs, governed by the IIT Act, were more dependent on government approval for fee increases. Some of the IITs had to defer even much-needed maintenance expenditures for several years until the government was able to approve fee revision.

More recently, the government tried to impose a cut in the fee charged by IIMs. Such coercive power of the government can hurt institution building. In the structure of IIMs, the government has a dominating role. It appoints the Chairman, the Board members, and the Director. In the recent crisis over the fee cut, Shri Narayana Murthy tried to mediate between the institutes and the government. The failure of the government to take a more objective and comprehensive view of the system is disturbing.

In the emerging global social context, the governance and leadership of elite institutions have to be comprehensive, flexible, understanding. The Board should be independent and autonomous. In my view, the Board should appoint the Chairman of the Board and the Director as in the case of Indian Institute of Science, Bangalore. The Board can then take full responsibility for governance. The Board can institute a system of accountability to all its stakeholders. In institutions that can be financially independent, the Government's control role can be restricted to participation in Board discussions and supporting institutional activities wherever possible. The government's power to intervene or set rules should be restricted to short periods of gross malfunctioning. The government and the nation will not be a loser with such a transformation. IIMs will scale greater heights and bring more benefits to all its stakeholders. ❖

## **N Vittal**

### **Former Chairman, Central Vigilance Commission**

IIMs were, to begin with, visualized as institutions to provide management education for an independent India in an environment conducive to provide managers and leaders for business enterprises. IIMs, particularly, those in Ahmedabad and Calcutta which came up early, were very much influenced by the institutions with which they were closely connected, namely, Harvard Business

School and Massachusetts Institute of Technology.

The issue whether IIMs are elitists or social organizations has been provoked by a controversy initiated in the recent past. Perhaps, out of this controversy, an opportunity has arisen to reflect on the role of IIMs and their relevance to India today. A little reflection about



the human development and progress achieved in any society will show that progress does not come from the common man. It is the uncommon man who brings progress in any field. Progress invariably comes from the people who are talented, who are able to see beyond their time, who are innovative, and who provide leadership. These people by their very nature are classified as elite. Human society can be looked at from two angles. The first is what may be called as purely material or physical or to use the electronic jargon, the hardware aspect. At the physical level, all human beings are equal. But, there is a second dimension of the human society. This is what could be called the non-material, spiritual or the software dimension. In this dimension, all human beings are definitely not equal. Though it may sound cynical, some are more equal than others.

The concepts of liberty, equality, and fraternity evolved very strongly after the French Revolution in 1789. These concepts were essentially based on the principle of equality of human beings. In fact, much before the French Revolution, spiritual and religious leaders in different parts of the world have pointed out that all of us are equal because we are the children of God. Nevertheless, when it comes to material progress of the society, in whatever field we consider, be it art, industry or economics, it is the elite, the leaders in thinking, who have made a contribution.

After India became independent in 1947, the principle of equality was very much in the minds of the leaders. Article 14 of the Constitution enshrines this principle. In recent times, we have seen the legacy of affirmative actions and reservations. However, this continuous emphasis on social justice which is populist is also contributing to the mediocratization of the society. A society which has only mediocre people will not be able to make progress. The net result of the continuous emphasis on social justice

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If we make IIMs into populist institutions, we will only be destroying what has been systematically built over the years. If we look at IIMs today, we can be proud that we have created institutions of excellence which are recognized all over the world.

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over a wide spectrum is the creation of social tensions and a general deterioration in efficiency and quality of governance.

In this context, where do IIMs stand? Even in the US, institutions such as Harvard Business School and Massachusetts Institute of Technology with whom the earlier IIMs had collaborated are recognized as outstanding institutions and will qualify as elitist institutions. So, IIMs are, in my perception, elitist institu-

tions and should remain so. This is because it is the elite who provide leadership and are able to make a contribution. If we make IIMs into populist institutions, we will only be destroying what has been systematically built over the years. There is a Kikuyu proverb which says, "don't destroy anything unless you can replace it with something of value." If we look at IIMs today, we can be proud that we have created institutions of excellence which are recognized all over the world. This is particularly significant in the context of globalization where the world has become borderless.

In this new globalized context, another important factor should be considered. While in a country like India, we may think in terms of social justice, affirmative action, quota, etc., in the global market, the only currency is merit. It is this merit that IIMs try to nurture. Perhaps, one can question whether IIMs are really making a contribution to the development of real talent. But, the very process of selection ensures that the brightest

and the best among the youth compete for the entrance examination. In the selection process itself, IIMs start with an advantage because they have the best human resources available. In addition, the method of teaching and education that has been evolved is such that the products of IIMs automatically carry a brand equity. They are picked up readily by the Indian private sector and the multinationals. Over the years, the brand equity of IIMs has grown and there is no reason why it should be compromised.



Perhaps, from a purely economic point of view, if the human resources can be classified, we can adopt the policy of freely convertible currency or non-convertible currency for human resources. If we fall into the trap of quotas and populism, we will be creating managers who will be like non-convertible currencies. They may not have any value in the global market place. On the other hand, with the focus on merit, the products from IIMs today are like freely convertible currencies which are acceptable in every country of the world. I would, therefore, suggest that IIMs should realize that they are elitist institutions and continue their tradition so that they can produce products which are universally accepted in the global market and are capable of providing leadership wherever they are.

We examine some other relevant issues in this context. The first issue is: What are the processes through which IIMs have defined their goals and directions over the years? In fact, IIMs, particularly IIMA, was started with the collaboration of Harvard Business School. It has set up very healthy traditions and I remember the Committee on Future Directions headed by Professor V L Mote. Perhaps, there have been similar committees that were constituted from time to time. Hence, even if IIMA is considered to be an ivory tower institution, it is not an isolated ivory tower. In fact, IIMs have made a tremendous contribution to the Indian economy by providing managerial leadership. Some of the top managers today in different large organizations including some multinationals are IIM products. In that sense, the processes by which IIMs have defined their goals and directions are right.

Regarding the issue of IIMs catering primarily to the private corporate sector, I personally feel, there is no need for IIMs to be apologetic about it. In fact, when IIMB came up, Professor NS Ramaswamy, the then Director, tried to focus on the public sector as against the private sector which was supposed to

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There is no reason why the skills developed and honed in institutions like IIMs cannot be extended to other sectors and institutions. IIMs must consider expanding their activities in this direction.

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be the focus of IIMA. Over the years, I think, both IIMs have contributed to excellent managerial leadership both within the private sector and the public sector.

Next, I come to the issue of funding of IIMs. Some of the older IIMs are supposed to have a large corpus. It is believed that the government helped them to build the corpus. To what extent is this true? What is IIMs' thinking on utilizing the resources for the benefit of the society through various alternatives including different pricing of products such as PGP, Fellow Programme

in Management (FPM), MDP etc., and services for different sectors in the society? The decision apparently taken at the meetings of the directors of IIMs to come up with a revised scholarship scheme for the economically weak students, I think, is the best solution under the circumstances. Otherwise, there is no need to meddle with the financial resources of IIMs.

We now turn to the question: "Do IIMs have any role to play in serving the under-managed sectors and other civil society organizations which cannot afford to pay high prices? How should IIMs play this role? Definitely, the principles of management should be extended to other sectors also. However, there is a disconnection between policy and implementation which probably the management experts have not been able to resolve. But, perhaps, there is a learning process which may soon enable the extension of management principles to the government. There is no reason why the skills developed and honed in institutions like IIMs cannot be extended to other sectors and institutions.

IIMs must consider expanding their activities in this direction. As regards the pricing of these programmes, it should be left to the market forces or the principle of enlightened self-interest.

Finally, I look at the question of what role IIMs see for themselves in making India a developed nation. The role IIMs play is to select the best

among the youth and give them excellent management education so that they are automatically picked up by successful enterprises both within the country and abroad. Some of them take initiatives and are selected by the non-governmental organizations. A few join the

## Rishiksha T Krishnan

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The first three IIMs were conceived during a period of multi-dimensional challenges in nation-building and these IIMs had multiple objectives within an overall mission of improving the quality of management in India. In keeping with this mission, IIMs defined management broadly and undertook several activities in non-business sectors such as the CMA and the PSG of IIMA and the Centre for Public Policy of IIMB. Many faculty members have been involved in these activities and continue to do so. These activities are highlighted in our annual reports and statements by the Directors and any additional visibility for them would be welcome. However, in the public eye, IIMs have remained better known for their PGPs. I see no reason why we should be apologetic about producing good managers and managerial knowledge that contribute to the industrial and services sectors.

Since 1991, India has adopted a predominantly capitalist economic system and the country needs good managers to work in the corporate sector as well as qualified 'professional' entrepreneurs. In spite of liberalization in the higher education sector and the mushrooming of business schools, there are very few new business schools that are providing a contemporary and high quality management education. In his book, *The Competitive Advantage of Nations*, Michael Porter has emphasized the importance of specialized assets and specialized knowledge for country competitiveness. Across the world, among developing countries, India is one country that realized early the importance of higher education and the development of specialized people resources.

Given our current strengths, IIMs can make the

government and consultancies also provide opportunity. The products of IIMs are practically present in all significant sectors of the country and it is through these alumni that IIMs can play a role in shaping the destiny of the nation. ♡

biggest contribution to the industrial/corporate sector. Given the size of IIMs, it is unreasonable to expect them to be able to provide specialized knowledge or education for the whole economy.

Are IIMs elitist? It is a fact that we are highly selective of both faculty and students and our graduates go into jobs that pay, at least by Indian standards, very handsome salaries. In this sense, we are elitist. However,

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The problem is that we want to be known as top-tier world-class educational institutions but are unwilling to be measured by this criterion. In the absence of any major discontinuity in the market for knowledge, if we want to make an impact globally, we have to start by playing the game by the global rules before we seek to change the rules.

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there is nothing wrong in IIMs being considered elitist as long as it is for the right reasons. Many countries have an implicit hierarchy of academic institutions — even in the US and the UK which are well endowed with institutions of higher learning, universities like Harvard and Cambridge occupy a unique position. This distinctive positioning is due to the quality of scholarship demonstrated by their faculty over an extended period of time. Further, they ensure that the best students can enter their portals independent of their ability to pay (though they may also admit some students from families of their alumni or donors for reasons of

continuity and tradition!). So far, we have done well on the second count, i.e., we have ensured a rigorous and fair selection process that selects only the best students without discrimination except for government-mandated affirmative action and we have provided financial support to those who needed it (though we have perhaps not given enough visibility to the availability of this support). However, we are not as strong on the first dimension, i.e., on the quality of scholarship we have demonstrated.

The world's leading academic institutions are evaluated by the quality of their research output, i.e., by

the thought leadership that their faculty demonstrate. The problem is that we want to be known as top-tier world-class educational institutions but are unwilling to be measured by this criterion. In the absence of any major discontinuity in the market for knowledge, if we want to make an impact globally, we have to start by playing the game by the global rules before we seek to change the rules. Universities in China and Hong Kong have learnt these lessons well and focus on research in top-tier journals, even if this means they have to attract top scholars from the US and other countries to join them at internationally competitive salaries. They work within the existing paradigm of research before trying to establish new paradigms.

What is somewhat disquieting is that we have not made the best use of opportunities right in our backyard. By any account, the growth of the Indian software industry has been a momentous event in the history of economic development. But, barring a few exceptions such as my colleague, S Krishna's co-authored book (Sahay, S, Nicholson, B and Krishna, S, 2003, *Global IT Outsourcing: Software Development Across Borders*, Cambridge: Cambridge University Press) on the management of globally dispersed software projects and the multiple IIM contributions to an international project on innovation in the Indian IT industry (D'Costa, A P and Sridharan, E [eds.], 2004, *India in the Global Software Industry: Innovation Firm Strategies and Development*, London: Palgrave Macmillan), we have allowed others to define the research agenda related to the study of the software industry. The first paper in a top journal that documented its evolution was written by academics (albeit of Indian origin) sitting thousands of miles away at Carnegie Mellon University (Arora, A; Arunachalam, V S, Asundi, J and Fernandes R, 2001, "The Indian Software Services Industry," *Research Policy*, 30, 1267-1287). The growth story of the industry has been appropriated by McKinsey & Company with the assistance of NASSCOM. The most widely used cases on Indian software companies have been written by professors at Har-

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Our future will be decided by our contributions to knowledge creation rather than merely knowledge dissemination.

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If we create an academic environment of questioning, probing, and intellectual debate, it is but natural that some of our graduates will move away from the corporate world to play a larger social role. Our job is to provide such an environment.

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vard Business School and Stanford. Going a step further, Harvard Business School, Wharton School, and University of Michigan have announced the founding of research centres located in India!

An eye-opener for IIMs is that all are not able to see and appreciate our contribution. While our alumni have (naturally) been supportive, many people are suspicious of us and some even downright resentful. It is clear that many people wonder whether we are making the best use of the resources the society has provided us. People are suspicious of what we do and there is a perception that we are so busy consulting (making money!) that we do not have time to teach students. While data at IIMB show that only about 5 per cent of the faculty use anywhere near the full 52 days of consulting allowed by the rules, it is clear that the society expects us to provide high quality management education to larger numbers of students than we are doing at present. People are unimpressed by our claims of fulfilling other functions such as executive education and training. While we may be able to support ourselves 'independently' in a financial sense, we need to reflect on whether we can survive in a resource-scarce and often politicized environment unless we enjoy greater support and legitimacy from the society at large.

We have not educated the public and important stakeholders about what should be the role of leading management academic institutions such as ours. We have not talked enough about what should be the criteria to measure our performance and provided enough data

to stakeholders to enable them to make an assessment of our performance. We have found fault with the surveys conducted by business magazines but not suggested alternate ways of doing a more rigorous assessment of our quality. We have made a start in benchmarking our performance and this needs to be carried forward. We should write more books and articles so that people recognize our output and thought leadership. We should, in our own interest, play a bigger role in enhanc-

ing the quality of management education in other management institutions. In a nation where scams are almost routine occurrences, we have made an outstanding contribution to the economy with modest investments by the government. The three older IIMs are today in a position to sustain and grow their contributions without further investment by the government. Isn't this an outstanding achievement? We need to publicize this fact.

Going forward, IIMs need to focus on two activities: research and long duration academic programmes. Executive education and consulting are important to help faculty keep in touch with industry problems and to supplement faculty income but these will have to play second fiddle. (The ideal would surely be to raise faculty salaries so as to make executive education teaching an optional extra for those with the talent and the interest. We may be able to make this case more strongly once we have greater societal legitimacy.)

Fortunately, at IIMB, our recent thinking has been in this direction. In the last few years, the IIMB faculty has published their research in top-tier journals such as the *Academy of Management Review*, *Journal of Financial Economics*, *California Management Review*, *IEEE Transactions on Software Engineering*, *Research Policy*, and *World Development*. There is a consensus that our future will be decided by our contributions to knowledge creation rather than merely knowledge dissemination. We have also been responsive to the educational demands of critical sectors by launching two important new long-duration programmes. The Post-Graduate Programme in Software Enterprise Management (a programme for working software professionals designed in consultation with leading software companies and supported by an endowment from five leading software companies to drive research relevant to the industry) was started in 1998 and the Post-Graduate Programme in Public Policy and Management was started in 2002 to help hone the capabilities of the bureaucracy in a deregulated economy. A committee to develop a new vision for IIMB (of which I am a member) has recommended an increase in the enrolment to the PGP in two stages, in 2005 and 2007. Further, we have recommended that the two non-negotiable expectations from faculty be a minimum

amount of teaching in long duration academic programmes and papers published in refereed journals.

As research is conducted by individuals, the absence of formal 'inter-IIM' research collaborations in the past is not surprising. Further, we have very few fora where faculty from IIMs can share their research and ideas. But, fortunately, there are signs of change. Both *Vikalpa* and *IIMB Management Review* have been actively soliciting contributions and refereeing contributions from other IIMs. Two professional bodies — the Society for Operations Management (SOM) and the Strategic Management Forum (SMF) have been holding annual conferences for the last six to seven years and these provide the opportunity for exchange of research ideas and sow the seeds of collaboration. As a collective, IIMs and their faculty need to create similar professional bodies in the areas of management where they do not exist and to actively support the existing ones such as the SOM and the SMF.

Across IIMs, another good sign is that we are becoming more open to learning from the best global schools. Recent efforts by Pankaj Chandra ("Elements of a World Class Management School," IIM, Ahmedabad, Working Paper No 2003-09-03) at IIMA to capture the best practices of world-class management institutes and by Ravi Anshuman and S Chandrashekar ("How Contemporary are IIMs? MBA Curricula in a Globalized World," *Economic and Political Weekly*, February 21, 2004, 827-837) at IIMB to provide a framework for benchmarking PGP curricula show that we are moving away from the argument that 'we are different.' I believe that we need to take the next step and have periodic peer review of our areas and curricula by internationally-respected peers from both within and outside India.

I believe that our primary social responsibility is to use our resources to create new management knowledge and to teach as many participants as possible in long duration programmes consistent with this knowledge creation objective. Within a talented and motivated high-performing faculty body, there will always be individuals who will make major contributions to wider intellectual and social causes (as Anil Gupta has done in

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We must explicitly raise ethical issues during all stages of the students' stay at our institutes. Our failure to do so suggests ambivalence or, even worse, a message that the means do not matter.

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the area of grassroot innovations and Trilochan Sastry in the area of election reform). These activities need not be part of the objectives of the institutions themselves. Similarly, from within a talented pool of students, some will always gravitate towards the social sector as Vijay Mahajan and Bhushan Punani have done. Again, I do not think we need structured programmes to create such people — if we create an academic environment of questioning, probing, and intellectual debate, it is but natural that some of our graduates will move away from the corporate world to play a larger social role. Our job is to provide such an environment.

A secondary objective should be to reduce the gap between the top management schools and those below. For this, we need to create a large pool of talented management teachers and researchers. Unlike in a business context, where the 'rule of three' might apply (according to this perspective, only the top three companies in an industry are profitable), we will, ironically, have 'more space' if the gap between the other institutes and IIMs narrows. Otherwise, the social forces of greed and mediocrity will tend to pull down good institutions such as ours. As a corollary, the current offerings of IIMs in terms of the FPM and the Faculty Development Programme need to be increased in scope and size. This is consistent with an effort to raise research output and a focus on core academic activities.

## Arun Kumar Jain

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The issue of institution building is important not only in the limited context of IIMs but also for all the overall well-being of the country. Research on corporate governance and globalization consistently suggests that nations prosper only when their institutions are nurtured and all stakeholders demonstrate a healthy respect for their maintenance and sustenance. This includes devising suitable structures and systems of regulation, governance, and management and allowing these to function. Institution building in this sense is a many-faceted activity and a continuous one since the alignment is heavily context-dependent. In this

To conclude, I would like to comment on our role in cultivating a higher standard of ethics and values among our students. To some extent, the values of our students are already formed when they enter an IIM. However, being young adults, their values are still open to reinforcement or questioning. We must explicitly raise ethical issues during all stages of their stay at our institutes. Our failure to do so suggests ambivalence or, even worse, a message that the means do not matter. However, what is more important is that students learn from us in many other ways — from the way we interact with them, from the way we structure our evaluation systems, from the level of professionalism we maintain. They are sub-consciously watching us and observing our behaviour. If we set exams that test their memory instead of their analytical or integrative skills because such exams can be easily corrected by teaching assistants; or if we take months to give feedback on examinations; or if we set unreasonable deadlines that make collaboration highly attractive, we are giving (perhaps unwittingly) the wrong signals about professional values and ethics. Luckily, such instances are rare. To look at this more constructively, by interacting more closely with students and setting a good example of professional work ethics, I believe we can have a positive influence on students' values. ♡

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Higher education institutions such as IIMs should ideally form the backbone of our country's economic success by helping professionalize management for all sectors of the economy and providing the entrepreneurial, technical, and skilled personnel for superior wealth generation.

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debate, I shall delve upon IIMs as institutions and some areas where they need to carry out strategic and/or structural realignments in order to function within the ambit of societal expectations. The lessons could be useful for institution builders in the broader context of developing an action plan.

First, let me comment on the conceptual issue of IIMs as 'institutions.' By definition, an organization is deemed an institution if it is self-perpetuating and draws its main energies by delivering products and services that are perceived to be of high value to the proper and civi-



lized functioning of the society (e.g. those relating to judiciary, legislative, and executive arms of the government). Often, institutions may be engaged in improving the living standards of the people through capacity building and skills formation (such as IIMs). Conceptually, an organization remains an institution as long as the societal responsibility angle and self-sustenance remain the focal point of the operational vision. Such organizations have a strong strategic management in place along with a strong external orientation. In a paradigm of knowledge economy, the quality of governance in institutions and continuous capacity building through innovative processes is of prime importance. Higher education institutions such as IIMs should ideally form the backbone of our country's economic success by helping professionalize management for all sectors of the economy and providing the entrepreneurial, technical, and skilled personnel for superior wealth generation.

There is a strong feeling in many segments that IIMs have forsaken their institutional character and become more of a nursery for producing managers for powerful corporations and MNCs. The implicit suggestion is that they have generally lost their initial moorings with respect to their 'social responsibilities'! This is an issue that I would like to address from the perspectives of a first generation entrepreneur, a management scholar, and a common man.

Broadly, the purpose of IIMs must be to enhance the quality of life of the people of India through professional Management (with a capital M) and relevant knowledge creation and dissemination. The faculty members are expected to participate and intervene in this nation-building endeavour through their research, teaching, consultancy, and writing. This means an expectation of a combination of leadership and entrepreneurial roles for the faculty members. Prestige and respect comes naturally, especially in a poor society, for such exalted positions. The faculty and IIMs would surely be perceived as 'elitist' if they fail in meeting these social expectations and remain insensitive to the nature of trust

imposed by the society in general.

A far greater institutional effort and commitment is necessary (and yet again the faculty has to provide the lead) to create conditions where the education portals of IIMs are accessible to all sections of the society. Economically-and socially-deprived sections of the country should neither feel (nor be made to feel) that IIMs are only for the rich, and from the rich. There is an urgent need for remodelling the access mechanisms to make management education at IIMs more universal in character and composition. This mindset probably has been a reason that although most IIMs had resources ear-

marked for needy students for at least a decade or more, yet none had actually disbursed these resources to any significant extent.

For any institution, accountability parameters and robust performance measures are surrogates for making periodic reality checks. There is strong global research evidence that institutions of higher learning need substantial operational autonomy in a hierarchy-less environment for the knowledge-owning individuals to operate at the highest motivational levels for sustained periods of time. Structures at such organizations are generally multi-disciplinary, temporary, and *ad hoc* existing only for a given project and then disbanding. To outsiders, this 'structureless' informality may appear

'elitist' but it is a necessary condition for excellence. However, these structural arrangements can also become self-serving instruments for self-preservation rather than mechanisms for continuous learning and executing pedagogical innovations. This to my mind is an important reason why there is little collaborative research, sharing of resources, and learning amongst IIMs themselves. Given the importance of this dimension of institution-building from the national perspective, performance measures need to be designed that encourage teamed efforts at least between IIMs (to start with).

To quote Rhenman's terminologies (Rhenman, E, 1973, *Organization Theory in Long-Range Planning*, New

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York: John Wiley), an organization may be classified as a 'Corporation,' 'Marginal,' 'Appendix' or 'Institution' depending upon the strength of its strategic (internal) and ideological (external) goals. Marginal and Appendix organizations can easily become 'expendable tools' (Selznick, P, 1957, *Leadership in Administration*, Evanston, Illinois: R Peterson) since they lack a personal identity. Many private-run educational set-ups remain 'corporations' with money-making as their core character and absence of an ideological value-system (larger societal good as an objective). In this framework, for IIMs to remain functioning 'institutions' in the Indian context and within the framework just discussed, we need to re-examine some of the thrust areas which are as follows:

- Considering that there is a crying need for quality management teachers all across the country, we need to improve the intake of doctoral students. Along with FDPs, the doctoral programme too has to be an important societal commitment of an IIM. We need to seriously debate amongst ourselves how to make the programme attractive to the best students so that the country may have a pool of excellent management teachers! I agree this question has direct linkages to faculty compensation and general quality of life (not just in IIMs).
- IIMs should consider alternative modes of knowledge-service delivery (including the new communication technologies) to cover a large number of students, say 150, in a class. Perhaps, the case method is the best for teaching management concepts, but, different contexts may require application of different pedagogies. To me, the limitation of smaller class-size (say 60 students) is more a case of rigidities in the pedagogy structures driving the strategy rather than the other way round, stifling the innovation possibilities. It is not uncommon for class-sizes at MIT and Wharton to be in hundreds. At one of the top-rated business schools that I

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visited in the UK, the class size could vary between as high as 150 and as small as 35. While the case method was the most suitable for the smallest size class, the teacher had to reorient the teaching pedagogy for the 100-plus class though the session topic was common for all the classes.

- Considering that the infrastructural resources and facilities (including library, research assistance, computers and Internet connectivity, sabbatical leave, etc.) are almost world-class, the IIM faculty should publish far more in international journals. In top-rated business schools in developed countries, the only currency for securing tenured faculty positions is the list of research publications in high impact making journals.
- Similarly, IIMs need to carry out some introspection on how to remain wedded to the institutional commitments for creating and disseminating relevant knowledge suitable for 'local' and 'domestic' conditions. There is a huge felt need for greater number of quality books and insightful case studies than being presently published by the faculty. Collaborative research across IIMs is likely to reduce costs especially for field-based writing projects, provide newer perceptions, and speed up delivery of the final product.
- There is a general perception that IIMs cater mainly to the needs of the private sector and that too only the 'privileged few.' Performance yardsticks measured by the starting salaries of students, number of international positions, and number of MNCs coming for campus placement reinforce this strong perception. In reality, IIMs have made some significant contributions towards raising the productivity standards and professionalization of management of several nationally strategic sectors such as the PSUs, cooperatives, rural and agriculture, defence production, nuclear energy, oil and electricity energy, railway and road transportation, university education, etc. However,

these outcomes are generally due to the enterprising efforts of a few individual faculty members than due to deliberate institutional initiatives and strategic thinking in policy. In this context, IIML has identified corporate governance as a key thrust area towards fulfilling its social commitment for superior wealth creation, institutional and corporate processes, and safeguarding the interests of the common investor. IIMs need to highlight and 'market' some of these facts and attributes of their functioning.

- Perhaps it would be difficult for IIMs to justify the fact that only a few hundred students pass out each year, i.e., the output numbers are wholly insufficient and inadequate for a large country like India. This situation is aggravated when many PGPs take up assignments outside India. IIMs need to address this issue at the earliest since it also involves changing the existing mindsets regarding classroom pedagogies discussed earlier.

To me, the future course of action for IIMs in the short-to-medium term is clear: Globalize in the truest sense of the word by becoming one of the top attraction centres of management education to students and faculty from all parts of the world. We are in an economic paradigm where 'the winner takes all' and a breakthrough can be achieved only through the networking effect. Once we have the virtuous cycle of top-class students, world-class faculty, best organizations for consultancy and research, best recruiters, and documen-

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tation of learning and knowledge in the best research journals, the so-called networking effect would come naturally. IIMs need to provide a nurturing and enabling environment for creating the best brains. We can learn from the Japanese Nobel Laureate Susumu Tonegawa who said he was glad to have moved to MIT from Japan. To quote, "I might never have got the Nobel Prize for medicine (which he won single-handedly in 1987 for his revolutionary work on

the genetic origins of antibody diversity), since it was the environment at MIT that enabled me to make my breakthrough in my thirties and win the Prize within 10 years." It is useful to remember that Mr Tonegawa retains his country-of-origin citizenship (just like our own Nobel Laureate Amartya Sen), but has been scathing in his criticism of the scientific research system in Japan where he says, 'individual potential is stifled, not cultivated' (*Economic Times*, February 18, 2004).

IIMs have traditionally had the requisite functional and academic autonomy and access to sufficient resources the country could provide. As institutions of excellence, IIMs should individually and collectively sit together to evaluate the quality and quantity of their broad contributions and embark upon developing strategies to make their knowledge more relevant and accessible to less privileged sections of the society and yet be able to attract knowledge seekers and creators internationally. One positive legacy of the fee controversy is that the Directors of the six IIMs are talking much more to each other than ever before. The need is to extend this collaboration at many more and different levels. ♡

## Anil K Gupta

KL Chair Professor of Entrepreneurship, IIM, Ahmedabad

IIMs, particularly the older ones, have tried to build self-renewing capacity through engagement with various stakeholders over the years. They must learn and leverage from the past lessons and experiences. They must continuously remain in dialogue with all the stakeholders to achieve far greater social legitimacy. Probably listening more carefully, learning more courageously, and leveraging the lessons from the past engagements

more self critically would have given these institutions even greater social legitimacy than achieved so far. All panelists in this Colloquium agree that IIMs are elitist institutions in terms of high academic standards and distinction. Where the differences between IIMs do exist are in the way they have used their elitist character, and tremendous social capital invested in them, as Prof I G Patel puts it, to further enhance their social impact and

appeal. IIMs, particularly, IIMA have made tremendous contribution in institution building as recounted by Professor Samuel Paul. However, it is realized that they could have together contributed much more to the institution building tasks not only in the country but, in fact, even globally, and that potential remains to be properly harnessed.

I remember, many years ago, the Khadi Village Industries Board of a state government wanted help in developing indicators to be used as a part of the management information system to evaluate its performance from time to time. The concerned faculty team proposed that the small amount that this board could pay be contributed to the staff welfare fund and that IIMA may not charge its overhead expenses just as the faculty would not charge anything for its time. Similarly, studies have been undertaken at different IIMs offering development plans for some of the most economically backward regions, artisanal clusters, primary health centres, and educational policy alternatives based on innovations of the primary school teachers. Similarly, our colleagues have also developed long-and short-term programmes for building capacity of public systems, disadvantaged sectors, and also occasionally the NGO sector.

Colleagues in IIMs have systematically pursued capacity building in agriculture, infrastructure, transport, micro finance, energy, environment, cooperative sector, electoral reforms, management of grassroots green innovations, incubation of innovation-based enterprises, etc. But, what has made the most powerful impact on the popular mind is the high salaries that IIM students get. This is acceptable so long as it conveys validation by market place of the talent these young boys and girls show. It is seldom realized that about 30 per cent of the students (at IIMA) come from families having declared income less than Rs three

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It is seldom realized that about 30 per cent of the students (at IIMA) come from families having declared income less than Rs three lakh per annum and 80 per cent from income less than Rs five lakh per annum. The transition from a middle class background to the top salaried class in one generation is undoubtedly a matter of achievement and gratification. This would surely attract societal attention.

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lakh per annum and 80 per cent from income less than Rs five lakh per annum. Basically, it is the young children from the middle class that make it to IIMs through a tough, rigorous admission process and take up lucrative, but highly competitive and challenging jobs in companies in India and abroad. The transition from a middle class background to the top salaried class in one generation is undoubtedly a matter of achievement and gratification. This would surely attract societal attention. Panelists have explained why these students,

despite applicability of their education to public and civil society sectors, are not joining these sectors, primarily due to the limited capacity of the latter to absorb their talent.

The need for change has been felt by most panelists. Prof Paul rightly stresses the need for IIM leadership including the faculty, "to introspect and look for new ideas. It is the only way to avoid others pushing their agenda on IIMs. The initiative for change should come from within." Mr Vittal makes a strong case for elitism of the kind IIMs possess to continue. But he also stresses, "there is no reason why the skills developed and honed in the institutions like IIMs cannot be extended to other

sectors and institutions. IIMs must consider expanding their activities in this direction." Continuing in this vein, Prof Khandwalla adds, "Over the decades, it formed centres and groups to contribute to the effective management of agriculture and rural development, developmental administration, population control, energy, health, and education. These groups have extended the impact of IIMA well beyond the corporate sector." Other IIMs also pursued similar diversification though with mixed results and response. Prof Khandwalla draws attention to areas which need much more attention in future. He advises, "IIMA could do a lot more to foster in its students a stronger sense of business ethics



and corporate social responsibility, two areas in which IIMA may be lagging behind its peers in the West. It is yet to develop a coherent and compelling vision of what it wants to contribute to the new, liberalized, but still very poor India. It could have contributed more aggressively and effectively to such priority sectors as the creaky Indian governance system that have been such a drag on our quality of life." The import of this advice does not need to be stressed any further. Prof Murthy suggests the need to redefine the standards for excellence and relevance of India's higher educational institutions through focused teaching, research, and consultancy. According to him, "if achieving such intensity in all the current activities is difficult, they need to select and synergize." Prof Bose suggests a very practical but challenging option of aligning IIMs with larger society through its most reputed and effective instrument — the PGP. He adds that IIMs should take up large research projects aimed at studying different sectors of the country and 'execute' them through the PGP. These projects, he suggests, "should be so designed as to require considerable field work and the students should be assigned to spend time in the field as part of the core curriculum. The hard work is not how to design such projects but to organize their execution. We would need the government's help...The effect of this on fresh minds can be expected to be far reaching and permanent." Will the government be willing to absorb such inputs from the brightest young minds of the country?

Prof Krishnan feels that IIMs need to benchmark themselves globally not only for the PGP where their record is impeccable but also for research outputs where a great deal more can be done. He observes poignantly, "The world's leading academic institutions are evaluated by the quality of their research output, i.e., by the thought leadership that their faculty demonstrate. The problem is that we want to be known as top-tier world class educational institutions but are unwilling to be measured by this criterion. In the absence of any major discontinuity in the market for knowledge, if we want

to make an impact globally, we have to start by playing the game by the global rules before we seek to change the rules..... There is a consensus that our future will be decided by our contributions to knowledge creation rather than merely knowledge dissemination." Prof Jain feels that, "IIMs need to carry out some introspection on how to remain wedded to the institutional commitments for creating and disseminating relevant knowledge suitable for 'local' and 'domestic' conditions." To achieve this goal, he suggests that, "as institutions of excellence, IIMs should individually and collectively sit together to evaluate the quality and quantity of their broad contributions and embark upon developing strategies to make their knowledge more relevant and acces-

sible to less privileged sections of the society, and yet be able to attract knowledge seekers and creators internationally."

Panelists have discussed the multifarious institution building efforts being made or needed at IIMs. They have drawn attention towards other contributions and processes of IIMs which may help harness their elitist character for nation building. I would like to reflect on some of the strategies that IIMs could use, depending on their strengths and well articulated priorities, to harness their potential through (i) even more wider social engagement, (ii) greater investment in building capacity of those meritorious students who still cannot make it to IIMs but deserve to do so, and (iii) engaging with such

social sectors which deserve their inputs but cannot pay for them at prevailing market prices.

One of the most encouraging features of IIMs is that like in any other social sphere, there are faculty members who wish to contribute towards the development of sectors which cannot pay for these services. If such contribution has not been forthcoming as much as it should in all IIMs, the reason could be the lack of institutional mechanisms which periodically take stock of respective contribution in this regard. If we analyse the minutes of the meetings of the faculty councils in most IIMs, there might be a lack of evidence suggesting that

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views of other stakeholders (other than students and faculty) within and outside IIMs are given adequate attention. Perhaps excessive preoccupation with one's own views of the world and concerns may somewhat explain why some quarters of the society charge these institutions with insularity towards larger social concerns.

- Environmental, gender, and ethical concerns are central concerns today in the business as well as social realms — nationally and globally. I suspect that there are not many MDPs offered for professionalizing management in the corporate sector including such inputs. Benchmarking with international institutions in this regard would be useful.

- Producing managers equipped with professional skills of world-class was a pioneering contribution of IIMs more than 30 years ago.

No doubt, there is still a need for such managers in large numbers. But, will older IIMs remain on the edge of disciplinary as well as global margins by doing more of the same? Should their focus evolve and realign with emerging needs of the society? Should they stress on the development of leadership and entrepreneurship more than just conventional managerial education? Instead of placement salaries making news, should not the business plans of students that attract millions of rupees or dollars from national and global venture firms make news? All IIMs would have to give serious thoughts to these and decide on their own action plan. Creating jobs for masses is a need of the society and what better way of contributing to this cause than entrepreneurship development. But, developing risk-taking ability among students would also require more risk taking attitude among the faculty. It is noteworthy that IIMA and perhaps some other IIMs as well have always taken some initiatives in the direction of developing entrepreneurship and leadership and offering programmes for professionalizing management of small and medium size enterprises (SMEs). IIMA, for example, has been offering an MDP for

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SMEs for over three decades and had identified entrepreneurship as a thrust area for research and training about a decade ago. The question is about the quantum of efforts and resources devoted to these activities in comparison with others and having a conscious strategy. The culture of IIMs will have to become more entrepreneurial.

- Bringing students from the disadvantaged sections of the society through proactive steps as suggested by Prof I G Patel makes a lot of sense and concrete initiatives in this regard will certainly help in earning higher social respect than what IIMs already have. Perhaps, IIMs can design special management courses for these sections of the society or allow these students a graduated pace to complete the management programmes. Similarly, some incentives such as writing-off the debts of the students

who wish to serve such sections of the society may also warrant experimentation as a means of moulding minds and preferences of younger generation.

- There should be enough incentives given to IIM students to spend some time, as a part of the curriculum, as *developmental intern* with small sector, NGOs, service sectors, defence, and other strategic sectors. This will expose them to the challenges faced by these sectors, and who knows, they may also contribute creatively to solving some problems of these sectors. Social engagement of young minds can only generate greater empathy and perhaps help in humanizing the corporate world also a bit more.

blems of these sectors. Social engagement of young minds can only generate greater empathy and perhaps help in humanizing the corporate world also a bit more.

- Attractive research grants to faculty through challenge award programme for addressing some of the serious social problems of unemployment and rural and urban development could be another means of attracting brilliant minds towards pressing societal problems.
- The teaching material developed and used by IIMs could be placed in public domain with no restriction on its use so that various management schools can draw upon it. Unless the average performance

improves, we would only have a few elite institutions and others would remain average and suffer from mediocrity.

IIMs have played a significant role in institution building and improving the management education and practice in India. They are certainly elite institutions and will remain so. But, elite institutions from different social streams must network to bring similar meritocratic culture that IIMs have brought about in their own self governance in other sectors. Nation-building is a challenging task and it will not help to leave that task entirely to politicians and bureauc-

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racy. Civil society organizations are making tremendous efforts in awakening the social conscience of different sectors and segments of the society. Elite educational institutions like IIMs have to join hands with them and create new benchmarks of theory building as well as trigger entrepreneurial experiments in various fields of development management.

Elites have harvested tremendous social capital. If they do not help in renewing it and, in fact, augmenting it, their claim on this capital may not remain intact. ♡

*Where the mind is without fear and head is held high;  
Where the knowledge is free;  
Where the world has not been broken up into fragments  
by narrow domestic walls;  
Where words come out of depths of truths;  
Where tireless striving stretches its arm towards perfection;  
Where the clear stream of reason has not lost its way  
into the dreary desert sand of dead habit;  
Where the mind is led forward by thee into ever-widening  
thought and action...  
Into that heaven of freedom, my father, let my country  
awake.*

*Rabindranath Tagore  
Gitanjali*