



Indira Nooyi, A Chairperson of Pepsi International, receiving Padm Bhushan award from president Abdul Kalam

## MBA - Why is it losing its sheen?

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**Indira Nooyi completed her MBA from IIM & went to the US for pursuing another MBA degree from Yale University. She reached the peak of her career to become a global CEO & Chairperson of Pepsico International. MBA was the ladder which helped her to get into the right spot from the beginning of her career. The knowledge, skills & attitudes she developed during her MBA helped her to lead the mega-corporation. There are many other examples of how MBA helped professionals to reach where they are today, in different parts of the world. They have leveraged MBA to their advantage. Today, the scenario is different. MBA is losing its sheen. Why? What is MBA exactly? Who should do it? When to do it? What is the role of B Schools? What is expected from students? What are the different models of MBA**

**education? How to choose a good B School? This article is my effort to enlighten the readers using my 30 years of learning, practicing, teaching, coaching, advising & writing management experience.**

*Companies don't want sculptures of talent; they want to see the talent in action.*

Today the keyword is performance. Companies have been dropping the entry-level packages & creating room for freshers to grow. Gone are the days when companies paid on the basis of professional degrees. In my career, I was keen to share my degree certificates with my seniors but they hardly bothered for it. Those paper degrees remained just due diligence for the systems requirement. What mattered was my approach to work, performance, discipline & hard work. My employers in past & clients today have been paying me for what I do rather than what I could do for them based on my degrees.

*Companies hardly care about the degrees printed on paper. They want to see degrees imbibed in the personalities. It should reflect in their work, attitude & performance.*

MBA remains an entry ticket, the rest depends on how we play the match. That explains the success of non-MBAs in the corporate sector. Once on the job, seniors hardly bother about your MBA. The MBA degree matters to them only if it is leveraged to achieve organizational objectives and mission. Failure to do so would make the degree null and void.

## **What has changed?**

The job of B Schools is to make students employable. They can support students to get the right placement but can't guarantee the same. Students have to do their part well. The onus of getting the right placement is with the student and not with the B School. Students have to actively participate in academics, club work, internships, case study discussions, debates, peer learning, reading management books, magazines & business papers. In the absence of many of these activities, the B School becomes an employment agency.

*B Schools are becoming placement agencies. Students worry about placements more than academics, right from the day one.*

B School is the avenue where companies meet their potential employees. B schools can only take the horse to the water; it can't make it drink the water. Companies want to optimize their time by reducing the longevity & fatigue in the process of recruitment & selection. More the filters & shortlisting, more is the fatigue for the employer. Such fatigue might result in a fatigue failure in terms of recruitment errors. Going to the right B school for campus recruitment reduces the chances of fatigue failures though it can't guarantee the recruitment accuracy because every B school has A, B & C category students. The success rate depends on various factors like whether the company goes during the early phase of the campus recruitment drive, the industries of interest for students, the elimination process used, etc. Some companies smartly use internship programs to identify the right candidates & make 'pre-placement offer' to deserving students by observing them on work during their two/three-month-long internship.

## Models of MBA education

I have seen different models of MBA education. It will help to select the right B school by knowing which management education model it uses & which model suits the student. The various models are as follows:

*Indian Model* In India students & families want to pursue back-to-back MBA degree after their undergraduate (graduation in Indian terms). They feel it is impossible to focus on studies once you start earning money & also in the later part of life. Indians prefer to pursue an MBA when they are in the age group of 21 to 23. This model has relative advantages & limitations as well. The advantage is that the person can start earning early & set up his family well in time. The only exposure to the industry is internships. This trend is changing these days & some students work for a year or two before they go to a B School. But the primary reason for this is to buy time to prepare for the MBA entrance exams.



In India, most of the MBA admissions are written test dominant, hence students prefer to prepare for them alongside their academics. Most of them give-up their job early & use the time as 'study-leave'. The benefit of this model is that fresh & young MBA candidates are inducted as employees. They hardly have prejudices, they are coachable & flexible & prepared to start from the grassroots. But lack of corporate exposure brings a few issues in terms of discipline, corporate manners, processes, etc. The organization has to invest in further grooming & developing them. The attrition rate is also relatively high as they don't know that 'the world is the same everywhere'. They face internal resistance from other employees who feel they have been undermined due to these youngsters. Usually, these young MBAs are poor in handling manipulations & understanding the under-currents. They can hardly read 'between the lines'. They become victims of politics & lose interest & do job-hopping during the initial stages until they become professionally matured.

American Model American B Schools want students to work for at least 5 years after their undergraduate degree & get promoted to a managerial level. They expect candidates to demonstrate leadership potential during this period.

*B Schools want candidates to joining industry, raise, to the level of manager & then go for management education to get transformed into leaders from managers.*

American model focuses on the case study method as a pedagogy. They expect students to do self-study for theories & concepts while faculty conducts the case discussions in the class. The case study method is a simulation method of decision making. Students are trained using real-life business situations, issues & dilemma. Pursuing MBA from America is a costly affair. Students have to pay between 1,50,000 to 2,00,000 USD (1 to 1,5 Cr INR). A good GMAT (entrance test for global B schools) score of 700+ (out of 800) is required for securing the admission, over & above other parameters. Stanford which is one among the top 3 B schools of the world, situated in California defines 3 parameters for selection:- Intellectual vitality, Demonstrated leadership potential, & Personal qualities & contributions.



Candidates have to write a strong statement of purpose explaining why they want to pursue MBA from those institutions & what unique experiences & expertise do they bring to the MBA classroom. Additionally, they have to write an essay on the given topic & provide recommendations from the seniors at the work & professors. Diversity is an important factor in admissions. For example, Indian, Male, Engineer has to struggle very hard because of the toughest competition in this category while Girls with Commerce background would find it slightly easier to get in.

One year-MBA This model is more rigorous because of the paucity of time. The course gets over in less than a year. It requires candidates with minimum 5+ years of experience. Initially, it was designed for candidates who were sponsored by their companies & couldn't stay away from

the work for 2 long years. But later the focus got diluted and the model got dominated by non-sponsored candidates. In India, ISB-Hyderabad is using this model but in the USA it didn't succeed because of its inability to add the required value in the given time. There are very few options available today.

*Executive education* It can be a part-time or full-time course designed to take a short break from work or use weekends for personal development. The focus of such programs is on developing a class dynamics by selecting high profile candidates who have already raised to a leadership level & are groomed by the organization as the emerging leaders. All the participants bring in their rich, cross-discipline experience from different industries & facilitate collective learning.



Faculty is more like a coordinator & steers the class discussion in the right direction. This degree also helps in developing networks. Some courses make the candidates stay at campus for a few days after a gap of a few months. It helps them to work on their assignments & projects specific to their work which bridges the gap between their work & academics. Normally this model focuses on business strategy & other related areas required by the top management. Professionals who have pursued their MBA at a young age (particularly from Tier 2 B Schools) also tend to upgrade their knowledge by doing this Executive MBA from the reputed international B Schools.

*German model* This model focuses on practical aspects of management by creating a sandwich course which makes candidates work & study every week. The lectures are conducted for a couple of days in a week & candidates work on projects & assignments at their workplace while working as a full-time employee. In such a model, candidates don't get confused about how to apply the acquired management knowledge in their company & in their work situation. But this job-specific knowledge limits the ability to apply knowledge in cross-disciplines & in the other industries. The candidates become industry specific.

## How to Choose an MBA model?

When I completed my MBA from the reputed Sydenham college of South Mumbai, at the beginning of the 1990s, I was offered a couple of jobs at the campus. I chose the Piramal group of Companies which offered a bachelor's accommodation, a posh 3 bedroom apartment located at the prestigious Lokhandwala Complex, at Andheri, in Mumbai. It had a swimming pool, a rare amenity during that era. It was the housing complex of Bollywood celebrities. About 4 Hindi movie actresses stayed in our building. We were pampered & treated as 'blue-eyed-boys'. More than 150 companies used to come for campus recruitment, we were just 38 students. Companies would try to attract us during the pre-placement talks. That was the MBA era.



Today in India MBA has become an undergraduate like degree because of the Commercialization of education & peer pressure on students. Which B school to choose depends on what is your decision-making parameter. But I suggest you must visit the campus, talk to current students, attend a lecture or two, study the industry outlook before making up your mind to join any B School. I did the same for my daughter, Supriya by taking her to Chicago Booth, Warton & other B School campuses in America. She is now well informed & geared up to make her choice next year.

If your decision-making parameter is to pursue MBA from India then you can try the following approach. I suggest a student must work at least for a couple of years before getting into a B school. The first year must be devoted to the work. It is important to give your 100% in the first year. During the second year, one can start preparing for the entrance tests & try for one or two years to get a good score. Usually, students get a better score in the second attempt. It is difficult to get the first job in India only on the graduation degree but one must try harder in the campus drive & also use family contacts to seek a job. A little mental & physical flexibility would help you to get a job. Try some short courses during graduation which will be of help. Doing internships will also improve the chances of getting the job in the form of pre-placement offer

provided you did a good job & real hard work. Otherwise, selection in similar companies from the same industry is also possible if you leverage your internship.

Those who want to go overseas must prepare well & score 700+ in GMAT & work at least for 3 to 4 years. A couple of promotions in your job will be of great help. You should be a team leader even if your team is small.

Working people can think of taking a sabbatical & pursue Executive MBA for a year or one year MBA from a good B School of Global reputation. If the fees are too high for you then consider doing the 'Advanced Management Program' (AMP) from IIMs or other global schools for 3 to 4 months. Keep learning management. Don't give up hope. Employers love your efforts to get educated better & also your willingness to travel an extra mile to pursue further studies, within your limitations. They want to see that urge & attitude. They want you to be coachable for life. Visit LinkedIn profiles of many successful professionals. You will see that the career path doesn't go only through IIMs or Harvard & Wharton. It is one of the options but not the end of the world. Management science can be learned and used by different methods, ways, degrees at different locations, at different times & stages of life. You need to stay hungry for knowledge, keep upgrading your skills & constantly seek learning opportunities & avenues. This article is my effort to open up your mind & give you hope that there is a light at the end of the tunnel, you must pass through it.

About the Author: **Prof Dr. Ajit Patil** was awarded 'Top Voice on LinkedIn - 2017'. He is a Management Writer; Marketing, Business Development & Retailing Consultant. He conducts Management Development Programmes; trains & coaches Sales & Marketing teams. He has been teaching MBA students in India & overseas for over 18 years. He can be reached at [ajitpatilmumbai@yahoo.co.in](mailto:ajitpatilmumbai@yahoo.co.in)



Prof Dr. Ajit Patil at Chicago Booth campus in Chicago, USA, on Oct 2017.

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