DHIMANT GANATRA AND U. DINESH KUMAR

A DEAN'S DILEMMA: SELECTION OF STUDENTS FOR THE MBA PROGRAM

Business schools don't create successful people. They simply accept them, then take credit for their success.

Josh Kaufman

On January 16, 2014, Easwaran Iyer, Dean of Jain University's business school (B-school), was preparing for the meeting that he had scheduled the next day with the Admissions Committee of the B-school. Iyer wanted to ensure that the right set of students were admitted to their Master of Business Administration (MBA) program, but he was not sure about the parameters to identify ideal students for this program. Jain University received applications for the MBA program from across India and admitted approximately 400 students to this program every year. There had been a steady increase in the number of applications received by Jain University over the years. The university had reached a stage where they could be very selective in choosing students for the MBA program. Iyer was sure that the number of applicants for Jain University's MBA program would continue to increase as long as they selected good students and placed them successfully in careers in their chosen domain.

Traditionally, B-schools have used both quantitative and qualitative criteria for selecting students to their MBA program. These include performance (grades/marks) in the undergraduate (degree) course, scores in standardized tests such as the Graduate Management Admission Test (GMAT), the Common Admission Test (CAT) conducted by the Indian Institutes of Management (IIMs), and the Management Aptitude Test (MAT) conducted by the All India Management Association (AIMA), as well as communication skills. India has been home to many other standardized tests for management education such as several state-level entrance exams, apart from the international/national-level tests (GMAT, CAT, and MAT). B-schools assess the qualitative aspects of the applicants through written statements of purpose, group discussions, and personal interviews. After the admission, students selected for the MBA program would be put through the rigor of the 2-year course to enhance their management skills. Every company would want only the best talent to work for them. Hence, B-schools were cautious about their admissions strategy. Failure to provide suitable talent to companies could have a cascade effect on the placement record of the B-school as well as its ability to attract good students in the future.

Iyer started the Admissions Committee meeting with the following statement:

> It is good to see that the number of applicants for our MBA program has significantly increased this year. Now, we have to ensure that we admit the right students—those who would be employable after completing our MBA program—since several recent reports have leveled criticisms that many students graduating from Indian B-schools are not employable.

There was a strong reason behind Iyer's statement. In January 2013, the Associated Chambers of Commerce and Industry of India (ASSOCHAM) reported that only 10% of the graduates from Indian B-schools—excluding those from the top 20 B-schools—secured a job after completing their MBA course in 2012, compared with 54% in 2008.[1] In India as well as in other parts of the world, the perceived quality of the management education offered by a B-school was highly correlated with the average salary offered to its students. Popular B-school rankings such as the *Financial Times* B-school ranking assigned 20% weightage to weighted salary (average alumnus salary 3 years after

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[1] Source: http://www.assocham.org/prels/shownews-archive.php?id=3877

graduation) and an additional 20% to salary increase (average difference in alumnus salary before the MBA and at present).[2] In contrast, research was given only 10% weightage, thus making placement a far more important criterion for the success of a B-school.[3] From among the applicants seeking admission to their MBA program, the B-schools had to identify those students who could successfully complete the course and also get placed eventually. Identifying potential students was a critical decision and it became imperative to identify the factors that could differentiate the two categories of students—those who could be placed easily and those who would struggle to get placed. Each year, the admissions committee of every B-school faced the tough task of screening the applicants and selecting those students who would eventually succeed in the MBA program.

MANAGEMENT EDUCATION IN INDIA

B-schools in India were governed by the All India Council for Technical Education (AICTE), which was set up in 1945 by the Government of India. In 1987, the AICTE was given statutory powers by the AICTE Act of Parliament, with the objective of ensuring proper development of the technical education system in the country; technical education in this context included management courses.

The 2013–2014 AICTE Annual Report listed 2,450 approved B-schools that offered either a Post-Graduate Diploma in Management (PGDM) or an MBA program. This list did not include those universities/institutions that had been declared deemed-to-be-universities,[4] private universities,[5] and Institutes of National Importance such as the IIMs and the Indian Institutes of Technology that offered PGDM and MBA courses. The number of management institutes had more than doubled between 2006 and 2013; the approved intake in these management institutes had grown at a compounded annual rate of almost 26% between 2008 and 2013 (**Exhibit 1**). According to Ajay Srinivasan, Head of the Credit Rating Information Services of India Limited (CRISIL)[6]

> Between 2003 and 2008, a lot of B-schools were set up thanks to strong growth in the economy.
> But, we have seen two downswings since then and many B-schools are facing difficulties.

In 2011, approximately 1,85,000 students appeared for the CAT and around 1,60,000 students appeared for the MAT.[7] There was a decrease of about 15,000–18,000 in total registrations in 2013, and about 35% in the number of students appearing for the MAT.[8] According to Prometric (which administered the CAT), there were 2,14,000 CAT applicants in 2012 out of which 1,91,642 candidates appeared for the test.[9] In 2013, the number of applicants for the CAT dropped to a 7-year low, marking a decrease of nearly 33% from a high of 2.9 lakh in 2008.[10] The final number of CAT 2013 registrations dropped to 1.94 lakh (1 lakh = 0.1 million) and the total number of test takers reduced further, with only 1.74 lakh candidates appearing for the test.[11] Around 300–500 management institutions were estimated to have become defunct as they were not getting enough students to sustain the program, leading to their closure.[12]

JAIN UNIVERSITY

Jain University, promoted by the Jain University Trust, was managed by the Jain Group of Institutions (JGI). Headquartered at Bangalore, India, JGI represented a cluster of 85 vibrant educational establishments. After 23 years, JGI was home to over 45,000 students and 4,500 faculty and staff members engaged at the P-12, undergraduate, and postgraduate levels across 64 campuses and centers of excellence (as of 2014). In 1990, Dr. Chenraj Roychand laid the foundation of an illustrious institution in the form of Sri Bhagawan Mahaveer Jain College (SBMJC) at V. V. Puram, Bangalore; since then, the institution never looked back. Dr. Roychand's single-

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[2] Source: http://www.ft.com/intl/cms/s/2/5728ac98-7c7f-11e3-b514-00144feabdc0.html#axzz2vO7M00n7
[3] Source: http://www.ft.com/intl/cms/s/2/5728ac98-7c7f-11e3-b514-00144feabdc0.html#axzz2vO7M00n7
[4] Source: http://mhrd.gov.in/deemduniv
[5] Source: http://mhrd.gov.in/state_private_univv
[6] Source: http://businesstoday.intoday.in/story/best-b-school-falling-standards/1/188767.html
[7] Source: http://articles.economictimes.indiatimes.com/2011-12-02/news/30467837_1_management-institutes-gmat-enrolments
[8] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206
[9] Source: http://www.livemint.com/Politics/ZZZJbjwziarGHkh6IYDJ6K/IIMs-prepare-against-CAT-score-tampering-this-year.html
[10] Source: http://articles.economictimes.indiatimes.com/2013-09-28/news/42481603_1_cat-2013-prometric-mba-degree
[11] Source: http://www.bschool.careers360.com/news/cat-2013-result-iims-begin-short-listing-8-candidates-at-100-percentile
[12] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206

handed perseverance led to the establishment of institutions of unparalleled stature in terms of infrastructure and personnel. SBMJC became Jain University and was declared a deemed-to-be-university in 2009.

Jain University was ranked number 1 among the top private universities in South India and number 2 among the top private universities in India.[13] Overall, it was ranked number 17 among all the universities in India.[14] Jain University completed the Certification Audit for ISO 9001:2008 from TÜV Rheinland. As of 2014, the university offered over 35 innovative programs at the undergraduate level, 54 postgraduate programs, and 45 research programs. Jain University offered degree courses spanning languages, social sciences and humanities, physical and life sciences, engineering science and technology, management, as well as commerce.

The MBA program at Jain University was a 2-year (4 semesters) full-time program. Offered at the Jayanagar Campus of Jain University, the MBA program conducted its first intake of students in 2006. The program consisted of 35 courses totaling 135 credits. Students had the option of dual specializations in marketing and finance or marketing and human resources. The resources available at the B-school helped transform students into industry-ready professionals. Talented students who had reached national/international standards in sports or (in some instances) those who had played in leagues and clubs in different sports were provided academic support and scholarships. Jain University's famous alumni include Robin Uthappa (international cricketer), Pankaj Advani (billiards and snooker champion), Rohan Bopanna (tennis player), Anup Sridhar (badminton player), and Shikha Tandon (swimming champion).

PLACEMENT SCENARIO IN INDIA—2013

According to ASSOCHAM, campus recruitments at B-schools decreased by 40% in 2012 (this downward trend began since 2009).[15] As a result, B-schools were not able to attract students. In 2012, over 180 B-schools in major cities such as Delhi and the National Capital Region, Mumbai, Bangalore, Ahmedabad, Kolkata, Lucknow, and Dehradun closed down.[16] Although, there could be many reasons for their closure, their inability to place their students played a key role. During 2002, 2009, and 2013, campus placements were hit by the global recession. The global slowdown and uncertainty affected the placement pattern at B-schools. According to Iyer

> The year 2013 saw fewer offers of placements with no hike in the average pay packages. Management institutes are counselling students to be a lot more flexible in terms of compensation packages and roles. Many companies are tweaking the compensation packages by adding a part of the salary package to the incentive structure, as a stay bonus.

In October 2013, ASSOCHAM claimed there was a sharp 40–50% decrease in campus hiring and an almost equivalent rate of decline in the number of students opting for fresh admissions in 2013 compared with 2012.[17] Salary packages offered at B-schools also took a beating of 35–40%; there was also no hike in the average pay packages, the paper added.[18]

According to CRISIL Research, out of approximately 4,000 B-schools in the country, 52% belonged to the tier-III and 36% to the tier-IV categories.[19] The study, which was based on the recruitment data for 2010, showed wide disparity in placement patterns between the premier institutes (approximately 1% of the total number of management institutes) and their poorer cousins (**Exhibit 2**).[20] Nearly, 20–40% of the lower rung institutes failed to help their students find jobs through campus placement initiatives.[21]

Apart from the IIMs and a few tier-I B-schools, it would be difficult for the other B-schools to get 100% placements in the future. Although, many corporates were conservative with regard to the number of offers made, they promised

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[13] Source: http://www.indiaprwire.com/pressrelease/education/20140207289897.pdf
[14] Source: http://indiatoday.intoday.in/story/india-best-universities-ranking-private-sector-survey/1/272876.html
[15] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206
[16] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206
[17] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206
[18] Source: http://www.assocham.org/prels/shownews-archive.php?id=4206
[19] Source: http://www.thehindubusinessline.com/features/landing-jobs-getting-hard-for-tierii-bschools/article4156881.ece
[20] Source: http://www.thehindubusinessline.com/features/landing-jobs-getting-hard-for-tierii-bschools/article4156881.ece
[21] Source: http://www.thehindubusinessline.com/features/landing-jobs-getting-hard-for-tierii-bschools/article4156881.ece

an upward revision in the compensation package. Early evidence suggested a slight uptick in salaries. There would be at least a 5–8% increase in the average salary on the lower side and a 15–20% increase on the higher side. An article published on January 24, 2014 in *The Economic Times* reported that companies such as Goldman Sachs, Flipkart, and Microsoft were hiring briskly at non-IIM B-schools.[22] The number of seats offered in these B-schools doubled in 4 years to 3,79,000 in 2010–2011 (**Exhibit 3**).[23]

THE ADMISSIONS CHALLENGE

At the beginning of every admissions season (which began in April and stretched until July), Iyer was faced with the same question every year: "Whom to admit?" As Dean, Iyer conducted himself as a "guard" by thoroughly screening the admission-seeking candidates and deciding which of candidates were admitted or rejected. Although there was no penalty if a non-placeable student was selected, it would weigh heavily on the institute's reputation. A wrong pick could eventually contribute toward an increase in the number of unplaced students as well as a reduction in the median salary. Moreover, there was the possibility of rejecting a placeable candidate. What made Iyer's job tougher was that he was expected to increase the batch size while also increasing the quality of the admitted set of students. He acknowledged that MBA admissions needed much more analytical reasoning, taking multiple criteria into consideration.

The job of the Admissions Committee was to admit the best candidates from among the available lot. The committee considered an applicant's academic grades and discipline, entrance test score, and work experience (if any). It also judged candidates by their performance in the personal interview. Similar to most MBA admissions committees, the team had the mandate to build a diverse batch. Their objective was to put together a group of different yet similar candidates. The admissions team wanted to understand whether a student's academic record would have any reflection on the placement status. What could be the possible criteria for assessing/selecting a student who could get placed in a good role, with a good pay packet?

Campus placements marked the final phase of a student's life at a B-school. The placement team at Jain University had been able to achieve a placement rate of approximately 80% in the past. The team was of the opinion that the remaining students would eventually get placed; however, this process would take longer and might not necessarily happen through campus placement initiatives. As a result, these 20% students might have been a wrong choice at the time of admission.

Patchy placements were the bane of many B-schools in India. The Admissions Committee collected data of the students who had been admitted in 2011 and were placed in 2013. The data (in MS Excel) are provided in the supplementary document. The data dictionary pertaining to students enrolled into the MBA program at Jain University is provided in **Exhibit 4**.

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[22]   Source: http://articles.economictimes.indiatimes.com/2014-01-24/news/46562925_1_iim-placements-cognizant-business-consulting-pre-placement
[23] Source: www.thehindubusinessline.com/features/landing-jobs-getting-hard-for-tierii-bschools/article4156881.ece

Exhibit 1

Growth of AICTE-approved management institutions in India

Year	Growth of AICTE-approved management institutions	Growth of intake in AICTE-approved institutions
2006–2007	1,132	94,704
2007–2008	1,149	1,21,867
2008–2009	1,523	1,49,555
2009–2010	1,940	1,79,561
2010–2011	2,262	2,77,811
2011–2012	2,385	3,52,571
2012–2013	2,450	3,85,008

Source: www.aicte.ernet.in

Exhibit 2

Tier-wise average salary of MBA graduates

Placement records of B-schools			
Category	Share of total seats (%)	Capacity utilization (%)	Placement in 2010 (%)	Average salary in 2010 (INR)
Tier-I	2	95–100	98–100	> 9 lakh
Tier-II	10	80–95	80–98	5–9 lakh
Tier-III	52	75–80	60–80	3–5 lakh
Tier-IV	36	< 70	< 60	< 3 lakh

Source: CRISIL Research.
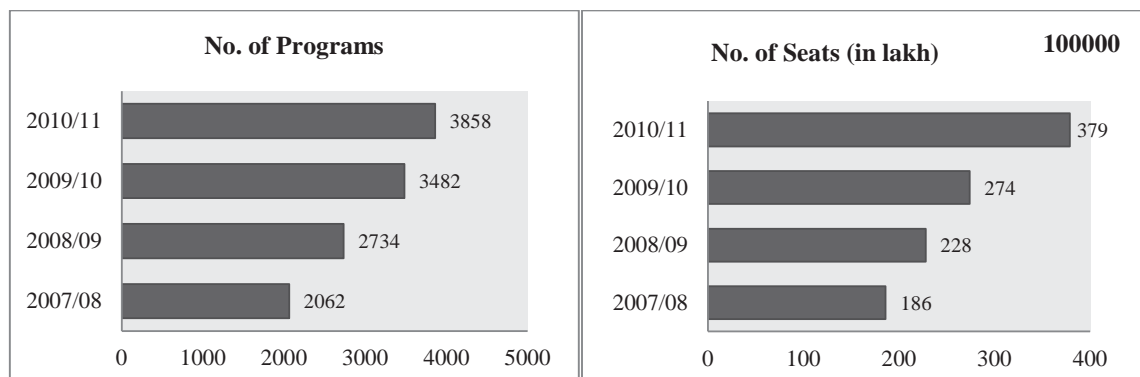
Exhibit 3

Growth of MBA programs between 2007 and 2011 (including AICTE-approved institutes)

Source: AICTE and http://businesstoday.intoday.in/story/best-b-school-falling-standards/1/188767.html

Exhibit 4

Data description

Data pertaining to students enrolled in the MBA program at Jain University	
RegNo	Unique Identification Number/Roll Number
Percent_SSC	Percentage (Marks) obtained in 10th Standard/Secondary School Certificate
Board_SSC	Examination Board/Board of Education for 10th Standard
Percent_HSC	Percentage (Marks) obtained in 12th Standard/Higher Secondary Certificate
Board_HSC	Examination Board/Boards of Education for 12th Standard
Stream_HSC	Stream of Education: Commerce, Arts, Sciences
Percent_Degree	Percentage (marks) obtained in Bachelor's Degree
Course_Degree	Type of degree chosen for graduation
Experience_Yrs	Number of years of prior work experience
Entrance_Test	Type of entrance test appeared in
Percentile_ET	Percentile obtained in entrance test
Percent_MBA	Percentage obtained after completion of MBA
Specialization_MBA	Subject specialization in/during MBA
Marks_Communication	Marks obtained in communication
Marks_Projectwork	Marks obtained in project work
Marks_BOCA	Marks obtained in business-oriented computer applications
Placement	Was the student placed via campus recruitment?
Salary	Salary offered to the student

Source: Primary data collected by the authors.