

Globalization : Its Impact on Management Education in India

DR. JAYANT SHARMA*, KANTI MOHAN SAINI**, MAHESH CHANDRA JOSHI***

Knowledge is the driving force in the rapidly changing globalized economy and society. Quantity and quality of specialized human resources determine their competence in the global market. Emergence of knowledge as driving factors results in both challenges and opportunities. It is well known that the growth of the global economy has increased opportunities for those countries with good levels of education.

Globalization has a multi-dimensional impact on the system of education. It promotes new tools and techniques in this area like e-learning, flexible learning, distance education programs, and overseas training. Globalization will mean many different things for education. In the near future, 'it will mean more competitive and deregulated educational system modeled after free market but with more pressure on it to assure that the next generation of workers are prepared for some amorphous 'job market of 21st century.

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Introduction

The term 'globalization' means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. Cross border integration can have several dimensions - cultural, social, political and economic. In fact, some people fear cultural and social integration even more than economic integration.

Historical Development

Nothing is permanent, only change is permanent. Globalization is a feature of changing world. It is no more a recent phenomenon in the world and since India is major player of twenty first century we are facing its socio - economic impacts. Initial enthusiasm for globalization as a beneficial set of processes has yielded to an understanding that the phenomenon is largely associated with increasing social inequality within and between countries as well as instability and conflict.

Globalization is impacting the institutional framework in both developing and industrial countries. It is changing

the way in which governments perceive their role in the society. It has also far reaching implications for socio economic development and educational systems of countries all over the World. With abundance of natural resources India has huge young and skilled man power to excel in every walk of life.

Globalization has been a historical process. During the Pre-World War I period of 1870 to 1914, there was rapid integration of the economies in terms of trade flows, movement of capital and migration of people. The growth of globalization was mainly led by the technological forces in the fields of transport and communication. Indeed there were no passports and visa requirements and very few non-tariff barriers and restrictions on fund flows. Globalization, process was slow between the First and the Second World War. After World War II, all the leading countries resolved not to repeat the mistakes they had committed previously by opting for isolation. Although after 1945, there was a drive to increased integration, it took a long time to reach the Pre-World War I level.

*Sr. Faculty Member, P.G. Dept. of Bus. Admn. Govt. Meera Girls College, Udaipur

**Research Scholar, Dept. of Bus, Admn., Mohan Lal Sukhadia University, Udaipur

***Prof. Sobha Saria Group of Institutions Sikar.

In terms of percentage of exports and imports to total output, the US could reach the pre-World War level of 11 percent only around 1970. Most of the developing countries like India, Pakistan, Bangladesh, Srilanka which gained Independence from the colonial rule in the immediate Post-World War II period followed an import substitution industrialization regime. The Soviet bloc countries were also shielded from the process of global economic integration. However, times have changed. In the last two decades, the process of globalization has proceeded with greater vigour.

The former Soviet bloc countries are getting integrated with the global economy. More and more developing countries are turning towards outward oriented policy of growth. Yet, studies point out that trade and capital markets are no more globalized today than they were at the end of the 19th century. Nevertheless, there are more concerns about globalization now than before because of the nature and speed of transformation.

Benefits of Globalization

Every event, activity and decision has its advantages as well as disadvantages. The benefits from globalization can be analyzed in the context of the three types of channels of economic globalization identified earlier.

Trade in Goods and Services

We know that international trade leads to allocation of resources that is consistent with comparative advantage. This results in specialization which enhances productivity. It is accepted that international trade, in general, is beneficial and that restrictive trade practices impede growth. That's why many of the emerging economies, which originally depended on a growth model of import substitution, have moved over to a policy of outward orientation.

Trade in goods and services is important for every type of economy whether developed or developing. Emerging

economies will get the benefits of international trade only if So international trade agreements make exceptions by allowing longer time to developing economies in terms of reduction in tariff and non-tariff barriers. "Special and differentiated treatment", as it is very often called has become an accepted principle.

Movement of Capital

Capital is key factor of production. Capital flows across countries have played an important role in enhancing the production base. Without capital any type of economic activity is not possible. India had fund crisis several times. Capital mobility enables the total savings of the world to be distributed among countries which have the highest investment potential. Under these circumstances, one country's growth is not constrained by its own domestic savings.

The current account deficit of some of these countries had exceeded 5 per cent of the GDP in most of the period when growth was rapid. Capital flows can take either the form of foreign direct investment or portfolio investment. The inflow of foreign capital has played a significant role in the development in the recent period of the East Asian countries. For developing countries the preferred alternative is foreign direct investment. Portfolio investment does not directly lead to expansion of productive capacity. It may do so, however, at one step removed. Portfolio investment can be volatile particularly in times of loss of confidence. That is why countries want to put restrictions on portfolio investment. However, in an open system such restrictions cannot work easily.

Financial Flows

Emergence of strong capital market has been one of the important features of the current process of globalization. While the growth in capital and foreign exchange markets have facilitated the transfer of resources across borders, the gross turnover in foreign exchange markets has been extremely large. It is

estimated that the gross turnover is around \$ 1.5 trillion per day worldwide (Frankel, 2000). This is of the order of hundred times greater than the volume of trade in goods and services. Currency trade has become an end in itself. However, the volatility in the foreign exchange market and the ease with which funds can be withdrawn from countries have created often times panic situations. The most recent example of this was the East Asian crisis. Contagion of financial crises is a worrying phenomenon. When one country faces a crisis, it affects others. It is not as if financial crises are solely caused by foreign exchange traders.

Herd instinct is not uncommon in financial markets. When an economy becomes more open to capital and financial flows, there is even greater compulsion to ensure that factors relating to macro-economic stability are not ignored.

Concerns and Fears

A nation or economy must be careful about Globalization. On the impact of globalization, there are two major concerns. These may be described as even fears. Under each major concern there are many related anxieties. The first major concern is that globalization leads to a more iniquitous distribution of income among countries and within countries. The second fear is that globalization leads to loss of national sovereignty and that countries are finding it increasingly difficult to follow independent domestic policies. These two issues have to be addressed both theoretically and empirically.

Economists have different views on Globalization. Some favor it while many oppose it. The argument that globalization leads to inequality is based on the premise that since globalization emphasizes efficiency, gains will accrue to countries which are favourably endowed with natural and human resources. Advanced countries have had a head start over the other countries by at least three centuries. The technological base of these

countries is not only wide but highly sophisticated. While trade benefits all countries, greater gains accrue to the industrially advanced countries.

This is the reason why even in the present trade agreements, a case has been built up for special and differential treatment in relation to developing countries. However, there are two changes with respect to international trade which may work to the advantage of the developing countries. For a variety of reasons, the industrially advanced countries are vacating certain areas of production. These can be filled in by developing countries.

International trade is no longer determined by the distribution of natural resources. By and large, this treatment provides for longer transition periods in relation to adjustment. With the advent of information technology, the role of human resources has emerged as more important. Specialized human skills will become the determining factor in the coming decades. Productive activities are becoming "knowledge intensive" rather than "resource intensive". While there is a divide between developing and the advanced countries even in this area - some people call it the digital divide - it is a gap which can be bridged. A globalized economy with increased specialization can lead to improved productivity and faster growth. What will be required is a balancing mechanism to ensure that the handicaps of the developing countries are overcome.

Globalization - Education and HR development

Knowledge is the driving force in the rapidly changing globalised economy and society. Quantity and quality of specialized human resources determine their competence in the global market. Emergence of knowledge as driving factor results in both challenges and opportunities. It is well known that the growth of the global economy has increased opportunities for those countries with good levels of education.

Globalization has a multi-dimensional impact on the system of education. It promotes new tools & techniques in this area like E-learning, Flexible learning, Distance Education Programs and Overseas training. Globalization will mean many different things for education. In the near future, "it will mean a more competitive and deregulated educational system modeled after free market but with more pressure on it to assure that the next generation of workers are prepared for some amorphous 'job market of 21st century'.

Since "Life long jobs have been converted in to yearly contracts there is still possibility of even short duration jobs. Our education system should deliver such education and training so that professionals can adjust themselves as per market expectations. It has underlined the need for reforms in the educational system with particular reference to the wider utilization of information technology, giving productivity dimension to education and emphasis on its research and development activities.

The benefits of globalization accrue to the countries with highly skilled human capital and it is a curse for the countries without such specialised human capital. Developing and transition countries are further challenged in a highly competitive world economy because their higher education systems are not adequately developed for the creation and use of knowledge. Converting the challenges into opportunities depend on the rapidity at which they adapt to the changing environment.

India is also following the global phenomenon. As part of globalisation, the economic reform packages were introduced in India in the beginning of 1991. These reform packages imposed a heavy compression on the public budgets on education sector, more specifically so on higher education. This has trickled down to public expenditure on education in general, and higher

education in particular.

Indian government and Indian corporate sector has recognized the importance of management education in the changing global scenario. Today under the reforming economic conditions, integration of the Indian economy with world economy presupposes efficiency and competitiveness in the domestic front as well as in the international arena. As the process of globalization is technology-driven, and knowledge-driven, the very success of economic reform policies critically depends upon the competence of human capital.

But, what is observed is the reverse. Even within the education sector, relative priority assigned to higher education has been on the decline. It is to be realized that higher education institutions play an important role in setting the academic standard for primary and secondary education. They are also responsible for not only providing the specialized human capital in order to corner the gains from globalisation, but also for training inside the country, provide policy advice, etc.

Globalization is expected to have a positive influence on the volume, quality and spread of knowledge through increased interaction among the various states.

Today our educational system is strong enough but Central and state governments should change their roles within the education system, reinventing themselves as facilitating and supervisory organizations. Teacher training, infrastructure and syllabuses need to be urgently upgraded. Industry should come forward to share experience with students and to offer more opportunities for live Projects.

The free market philosophy has already entered the educational world in a big way. Commercialization of education is the order of the day. Commercial institutions offering specialized education have come up everywhere. In view of globalization, many

corporate universities, both foreign and Indian, are encroaching upon our government institutions.

Our Institutes like IIM'S and IIT'S have produced world class professionals. These institutes imparts quality education as per industry expectations and give due importance to Institute Industry Interface. Under the new scenario, Government - Private partnership is becoming important in Management Education. Now India is a transforming country. We are near to achieve status of developed nation.

The demand for higher education has been growing rapidly with comparatively faster growth in enrolment in higher educational institutions 1 than the growth in

number of higher educational institutions (see Table 1). The growth rates are doubled among the students enrolled in post-graduate and research, while the number of institutions for post-graduate and research studies has grown at a slower rate in 1990s than in 1980s.

Though the enrolment has been increasing in absolute terms, only 7 per cent of the population in the age group 17 to 24 attended higher educational institutions in India, as against 92 per cent of the eligible age-group population attending higher educational institutions in USA, 52 per cent in UK and 45 per cent in Japan (see Table 2).

Table No. 1
Public Higher Education Institutions and Students Enrolled Therein in India

Year	Institutions			Enrolment (in lakhs)		
	Colleges	Univ. & Research	Higher Education	Colleges	Research PG	Higher Education
1980-81	4152	206	4358	21.25	3.17	27.59
1990-95	4815	228	5043	29.66	3.56	33.22
1995-96	6008	281	6289	39.21	4.12	43.33
1996-97	6764	309	7073	42.07	3.95	46.02
1997-98	8529	327	8856	543.70	5.01	59.38
2007-2010	9906	349	10255	71.31	5.95	77.26
Growth rates						
90-91 to 99-08	3.33	2.96	3.52	7.19	2.70	5.50
00-01 to 09-10	6.56	2.37	639	7.30	4.89	7.09

Source: Based on selected educational statistics, various issues.

Table No. 2
Gross Enrolment Ratios in Higher Education in Developed and Developing Countries

World total (2010)	17.4	Developing Countries 2010	10.3
Developed countries	51.6	Asia (2010)	11.1
USA (2010)	92	Korea (2010)	68
Canada (2009)	88	China (2010)	6
UK (2009)	52	India (2010)	7
Australia (2008)	80	Less Developed Countries (2010)	3.2
Japan (2010)	45*	Africa (2010)	6.9

Source: UNESCO (2010) * Altbach and ogwa 2010.

In India, over the years, there have been private initiatives in education initially for philanthropic reasons and eventually in professional and even in general higher education not only to meet the growing demands but also to realize the huge and quick profits potential. This was situational because government has shortage of funds so for the benefit of nation government allowed private institutions

Privatization of higher education has emerged in several forms and types in the recent decade in India. One, privatisation within government higher education institutions take place in the form of introducing self-financing courses within government institutions; two, converting government-aided private institutions into private self financing institutions; three, allowing to expand self-financing private institutions with recognition and also without recognition, which may be termed as commercial private Commercial private higher education emerges from market forces and tied to economic and global forces.

They thrive on the principles of commercialism, primarily focus on vocational courses and highly pragmatic. Their commercial thrust is training jobs, indeed, part of the curriculum is industrial training. Not only training for jobs but also place their students in

well-paid jobs. This indeed speaks about the strong industry - institution linkages. They are narrowly focused, rather micro-specific in designing their course and training. This narrow focus is their strength as well weakness. It is a strength as long as there is demand for such specific nature of the courses and a weakness once such a demand is satiated. Moreover, the built-in set up / infrastructure do not allow them to diversify. They cater to the unmet demands or rather demand-absorbing from the nonuniversity higher education sector.

We can divide these institutions in to various types, like of the self-financing engineering colleges and management institutions are affiliated to the conventional universities In which, the course structure, design, curriculum, and the pattern of examination fall within the purview of the national or state pattern. On the other side, several of these selffinancing private institutions are also non-affiliating to any universities and cater to the demands of the corporate sector nationally and internationally.

This privatization has its negative impact also. Student is acting as market force. Student is the power while faculty is weak in these private institutions. Indeed, the faculty lack the position, power and autonomy as they

traditionally enjoyed at universities. Basically they serve to students and their practical orientations in commercial private institutions. These institutions rely on part-time faculty and may be drawn from full-time faculty at public universities (and hence do not add to further employment opportunities). When employing full-time faculty, they pay meagre salary. Perhaps many of them have neither practical nor academic expertise and lack training.

Conclusion

Globalization leads to challenges and threats also. The major concern is to deliver world class education with updated curriculum and practical exposure. This is possible only by attracting talented and experienced persons in to academics.

At present it is difficult to assess not only the nature and dimensions of globalization, but also what it means to the field of education. A few educational researchers have attempted to make connections between the several dimensions of globalization and the policies of education.

India is witnessing new era in the field of management education. Many corporate groups like Reliance, Nirma, Tata, Sterlite etc have promoted management insitutes. Some foreign universities are also coming to India. But government should issue some guidelines so that fee structure remains within certain limit and those who are from economically poor background/ have some opportunity.

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