

“B School placement must get Professional.”



Weekly Learnings 51 / 2024

IIT Bombay did something interesting yesterday, they publicly said that students running placement has an inbuilt bias and they will now move to a professional institution led system delivering transparency. Kudos!

Here are my 10 learnings on why placement should be done professionally.

1. India has 6000 MBA offering schools. The average fees in the top 25 schools is close to Rs 19 lacs, the next 25 is 13 lacs, then 10 lacs and the last 25 is 6.5 lacs. This data is from an India Today article.
2. The average starting salary to fees paid ratio is 1.2 for the top 25, 1.1 for 26 to 50, 0.9 for 51 to 75 and 1.1 for 76 to 100.
3. Let's look at our consumer - the MBA student. more than 70 pc of students take a loan, it's more than 90 pc in the top colleges. If a student has work experience, then he is foregoing the opportunity cost of a salary. 60 pc of students go for an MBA to enhance their financial position.
4. Many MBA institutions leave the placement to second year students, citing this as a professional development area for the students. Nothing can be farther from the truth.
5. The B school customer is industry. The relationship between a B school and a company is an institution to institution relationship, not a student community to an institution relationship. Students have short term interests, while institutions have long term memories.
6. In one B school the student committee played one consulting firm against the other, a professional placement CEO would never do that.
7. About 75 companies go to the top 10 institutes. These companies are not a representation of the Indian economy.
A professional placement CEO and his team broaden that to 200 or more in every case that I have seen

8. Why are B schools not taking back placement responsibility from the students? Sadly, they lack the courage and are frozen in the past. The same B school that urges industry to "change" is unwilling to drive placement change to buy peace with students.

9. The B school has got specialised plus varied by time. Every student of any course expects outcome support. That cannot happen with only the second year MBA students running placement for the 2 year program. What happens to the one year program etc?

10. I think the Ministry of HRD must step in to establish clear guidelines to report starting salaries by B schools. Sadly, inflated salary numbers help the institute in ranking, the student in bragging rights and the company as a good paymaster. The IIM directors between themselves should and can establish a salary code as a starting gesture of transparency.

The old placement system needs change quickly. IIM Kozhikode has done this and they are in the Top 5 now. ISB also runs it professionally.

Who will bell the CAT in the other institutes?

Shiv

www.shivshivakumar.com

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Data courtesy India Today survey.

Average fee for the entire course charged by B-schools	
CATEGORY OF B-SCHOOLS	AVERAGE COURSE FEES
TOP 1-25	₹18,78,996
TOP 26-50	₹11,95,386
TOP 51-75	₹10,36,019
TOP 76-100	₹6,53,672

Government vs Private (Among top-100 B-schools)	
CATEGORY OF B-SCHOOLS	AVERAGE COURSE FEES
GOVERNMENT	₹12,56,043
PRIVATE	₹11,69,343

Zone-wise (Among top-100 B-schools)	
CATEGORY OF B-SCHOOLS	AVERAGE COURSE FEES
EAST	₹13,07,079
NORTH	₹11,22,198
SOUTH	₹11,19,504
WEST	₹12,74,805

WHERE IS THE BEST VALUE FOR MONEY? How different categories of B-schools fare in terms of return on the money spent as course fee	
CATEGORY OF B-SCHOOLS	AVERAGE Rol
TOP 1-25	1.23
TOP 26-50	1.05
TOP 51-75	0.89
TOP 76-100	1.18

Note: 1. Rol (return on investment) is calculated by dividing average domestic annual salary with fees for the entire course

Government vs Private (Among top-100 B-schools)	
CATEGORY OF B-SCHOOLS	AVERAGE Rol
GOVERNMENT	1.53
PRIVATE	0.95

City-wise (Among top-100 B-schools)	
CATEGORY OF B-SCHOOLS	AVERAGE Rol
DELHI NCR	1.08
MUMBAI	1.33
BENGALURU	0.91