

Role of Corporate Sector in Higher Education : Preparing Workforce for the Knowledge Economy

Mrs. Sushma Berlia
President, Apeejay Stya Group



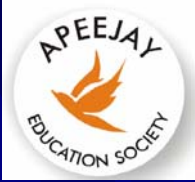
FICCI Higher Education Summit, Nov. 25-26, 2008, New Delhi

Access - The Demand Supply Gap

- India has 421 Universities and 20,918 Colleges
- GRE in India – 11.3%, average of 25% in developed countries.
 - Total enrolment in Higher Education is 1.86 crore
 - Expected to reach 2.2 crore by 2012 if India achieves 15 % GER
- NKC - Creation of 1,500 colleges & Univ. to reach 15% GER by 2015
- Growth of Higher education needed as per five year plan – 37%
 - Growth of Higher education increase/year – 11%*
 - Demand for Higher education increase/year – 20%*
 - Human resource demand is increasing/year – 18%*
 - Shortfall in no. of seats required and available - 45 %*

Thus there is a Gap between the Aspiration and the Availability

Urgent need to meet the rising demand for higher education hence India surely needs more Higher Edu. Institutions



Strange Phenomena in India

■ Skill development

- India over the next five years will have surplus of un-trained and under-educated people - 1.3 million *
- India will fall short of real talent by about - 5.3 million*
- We will have a surplus that we will not need and a deficit that we cannot fulfill
- Further crises to be caused by mismatch between jobs available and skill shortage

■ *Thus there is a Gap between the Needs of the Industry and the Availability*

* *Source- Boston Study Group, 2008*

Government Initiatives - (XIth Plan)

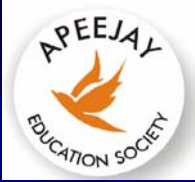
- 30 Central Universities –including one in each of the 16 States so far uncovered
- Strengthening of 6000 colleges and 150 Universities not receiving UGC grant
- Establishment of 373 New Degree Colleges
- Expansion and up gradation of 200 State Technical Institutions;
- Up gradation of Technical Institutions/Department of 7 Universities
- 8 New IITs; 7 new IIMs; 5 IISERs, 2 SPAs,
- 20 new IIITs - as far as possible in the PPP mode.
- 10 new NITs
- 50 centers for training and research in frontier areas

Government Initiatives - (XIth Plan)

Contd...

- Increasing capacity of existing IITs & IIMs by 200%
- Strengthening of existing polytechnics
- 1000 new polytechnics – 300 by State Govt, 300 in PPP mode, 300 by Pvt. Sector.
- 50,000 Skill Development Centres.
- National Education Mission through ICT
- Incentivising State Govt. for expansion / upgradation of existing and new universities/professional institutions.
- Greater public and the private sector interface in Higher and Technical education
- Foreign collaborations, bilateral agreements & opening doors for quality foreign education providers

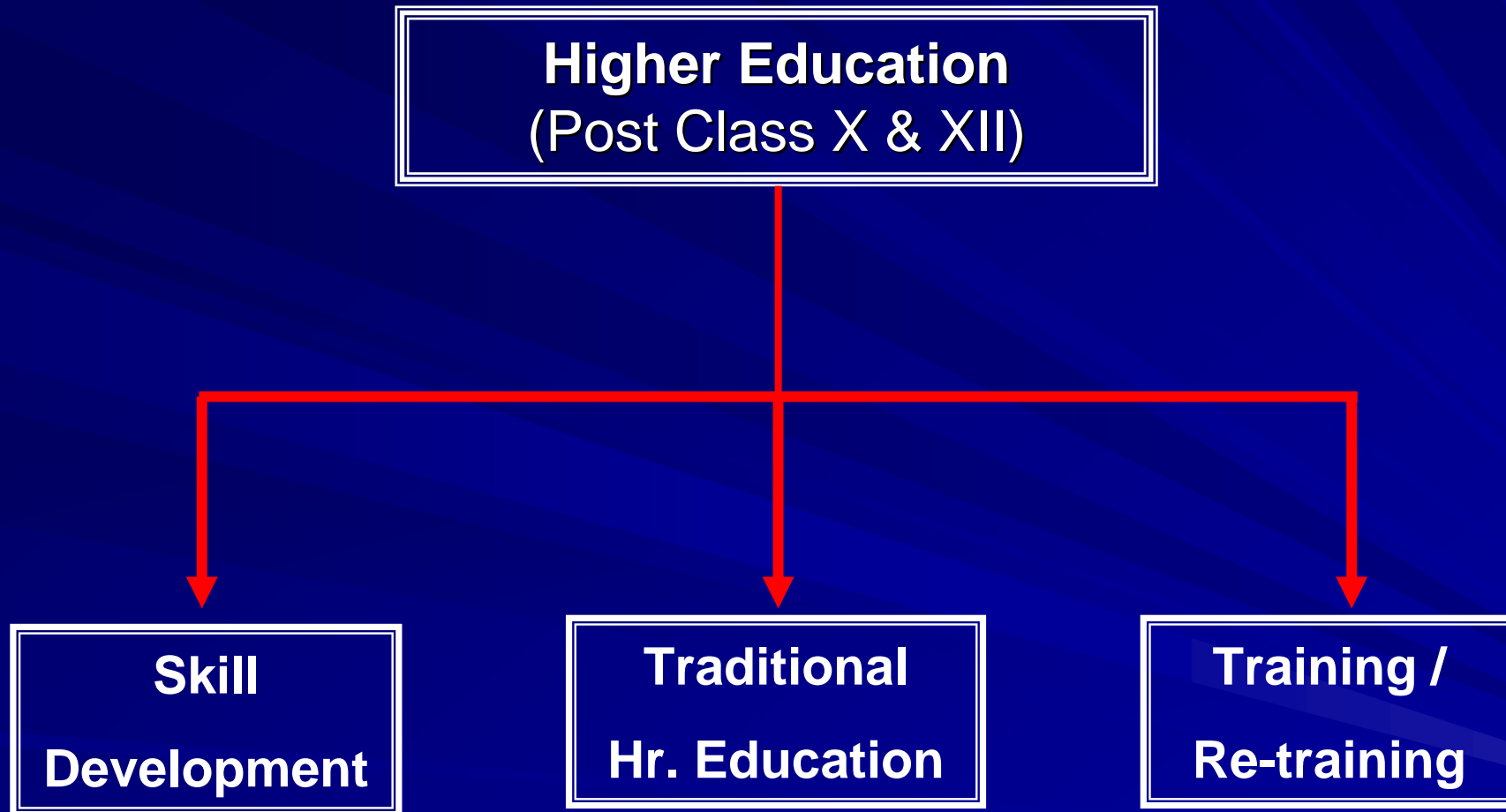
The Big Question



- *With Rs. 40,000 crores of investment only for 2.5% of the relevant age group - not going to solve the purpose of Higher education (Edge 2008).*
 - *Already in the second years of the XIth plan – nothing concrete seen on the ground yet*
- **Current framework of Pvt. Channel not encouraging in generating a highly scalable supply**
 - *23 Private Universities & 70 Private Deemed University able to Enroll not more than One Million (no great numbers expected)*
- **Foreign Education providers Act still languishing and in its current framework may not be the right Catalyst**
- **Skill Development is critical**
 - **University education is not for all.**
 - **Industry requires skilled manpower**
 - **With SDM initiative not much has taken off keeping in view employability & acceptability by the industry.**

The Access & Quality Issues still continue.....

For Scalability & Fulfilling Aspirations of the people & Needs of the Industry/Economy



For Scalability & Fulfilling Aspirations of the people & Needs of the Industry/Economy *Contd....*



■ Skill development initiatives

- Programmes *other than pure academic university traditional education, with lateral linkages with higher education.*
- Popular Programmes which attracts desirous students
- Testing, Certification through Industry/Chambers/Ind. Associations

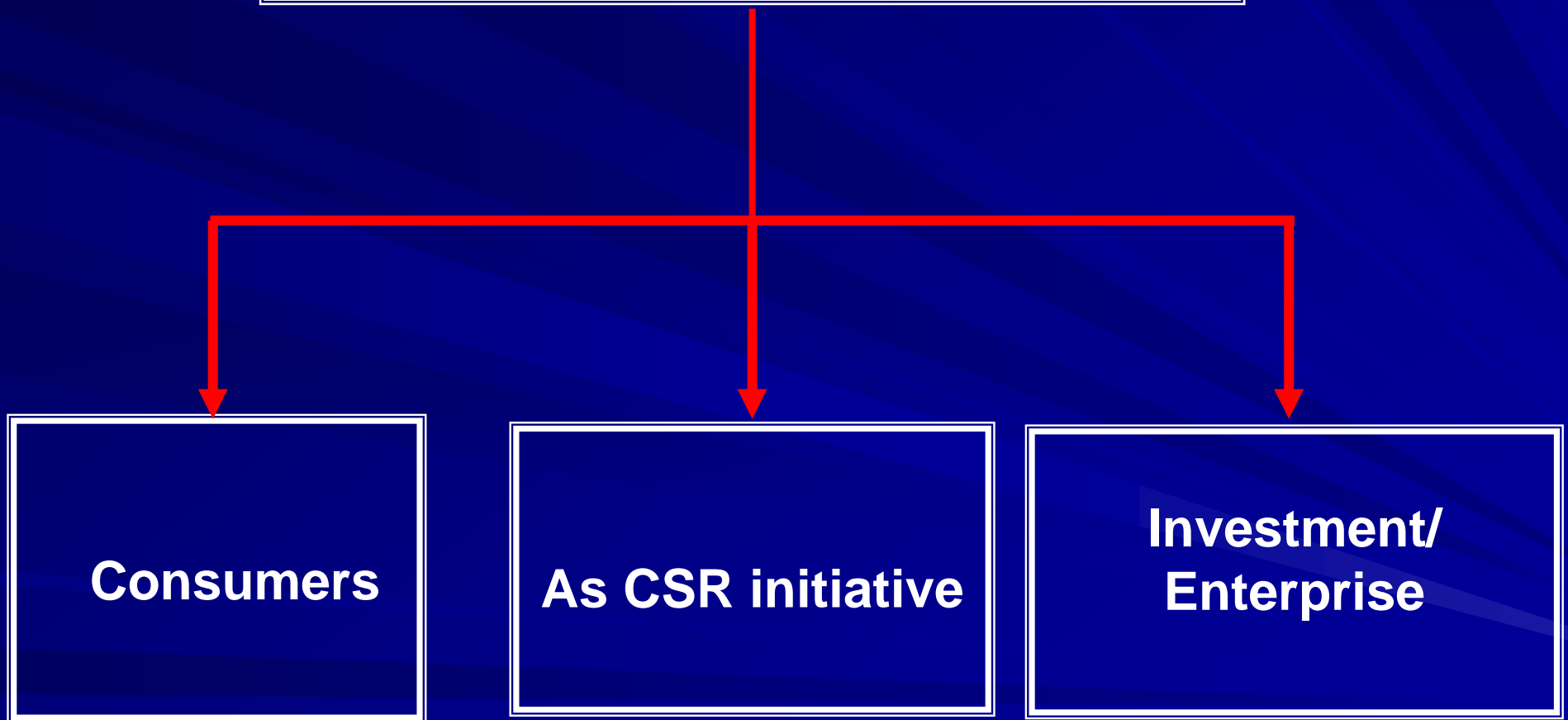
■ Traditional Higher Education

- Better quality Hr. Edu. Institution of Academic & Professional in nature which is - *‘Higher’ not because of its sheer structure, but it should be higher by its quality and excellence”..*
- Private universities that impart quality education, as expected .
- Transnational provisions - Foreign univ. campus, Branch Campuses, Offshore Institutions
- Corporate & Corporatized universities
- Virtual universities, Distance education providers, other non traditional modes

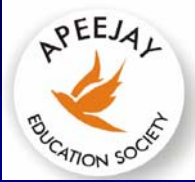
■ Institutions specialized in training and Retraining

- Independent Skill development Institutes (NIIT, Aptec)
- Specialist ‘vendor-led’ training, companies like (Microsoft, Intel and Cisco Systems) in partnership with other providers
- Other New Modes

Corporates / Private Sector in Higher Education



Corporates as Consumers



- Corporates as consumers/users of trained/skilled manpower may partner with Universities/Academia :
 - In Research and Development
 - Training to graduates (generic & job specific skills) to employ them
 - Academic supervised Internship
 - Collaborative courses/Programmes keeping in view the demand of the market
 - Funding collaborative Projects & Research
 - Exchange Programmes
 - Crossover of Faculty & Employees
 - Infrastructural Support, Financial Support
 - Promoting Industry – Academia Interface

Not as a CSR initiative but to gain concrete benefits

*Contd.*₁₀

Quality Education with more Research

- **No. of Graduates & Post graduates in US & India is Same.**
 - **Graduates**
 - India - 20 Lakhs
 - US. - 14 lakhs & 7 Lakhs with associate degrees
 - **Post Graduates**
 - India – 5.4 Lakhs
 - US. - 5.8 lakhs
- **There is a sharp distinctions in the number of Ph. Ds**
 - US- 60,000 Ph.Ds and approx 7000 first degree professionals
 - India- only 8000 Ph.Ds.
- **The real distinction lies in**
 - Real research and Dismal numbers of PhDs
 - The quality of the PhDs and reportedly the employability of only 20% of the Graduates & Post Graduates

Hence merely increasing Access without ensuring Quality will not reap the benefits for either the students, the Corporates or the Country

■ Expectations from Academia

- *Who have right balance of*
 - knowledge,
 - Attitude
 - *Maturity, Positive Attitude & Aptitude*
 - Skills
 - *Generic if not Specific*
 - *People & Communication Skill*
- *Who knows*
 - How to think critically
 - How to Analyse effectively
 - How to Learn & apply the learning
- *Exposure to Industry environment – its discipline & Teamwork & Expectation*
- *Multicultural & Transnational Exposure and Vision*

As Corporate Social Responsibility

■ Investing in Institution

- Few corporates have the expertise, money or skill to invest in this mode
- However very good institutions could come Independently or in PPP Mode
 - Potential to become *Centres of Excellence*,
 - Have Brand name to protect
 - Done as a CSR initiative (not for Profit.

■ Operational

- *Helping, Administrative, Management –contribution in running of t institutions,*
- *Volunteering, Academic contribution in form of Lectures, Research & Development and Training-* (may not be a long term model)

■ Corporates put in funding only for

- Autonomous institutions imparting quality education
 - scholarships,
 - naming buildings,
 - invest in research only if they find it beneficial
 - establish chairs *etc*

FOR PROFIT APPROACH

- **This to be open to all provisions of Education**
 - Either in form of Universities, setting up Training Centres, Skill Development centres, Vocational Education, Distance Education Institutes, New mode of Provision etc
- **Nothing lost – Much gained: because Corporate/private sector is there to**
 - Supplement govt.'s investment & effort and not to supplant it;
 - Supplement those who do it for Not-For-Profit as CSR and not to supplant them
- **As Market mechanism may be imperfect in education, hence**
 - Transparent Autonomous Regulator like TRAI to ensure
 - Consumers Interest (students & Corporates)
- **Already FOR PROFIT already happening SUBVERTLY**
- **Number of students going abroad to study – a reflection of a large pool who are willing to pay for Good Quality Education**

Scalability will come with Entrepreneurship

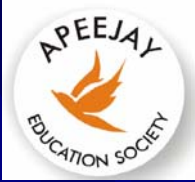
Entrepreneurship / CSR
is *Spontaneous Response*
to *perceived Gap in Demand – Supply*

What is needed to Trigger It ??

Need of an Alternative Model

- **The Current Model under the Current Policy**
 - not replicatable for a large scale provision, and
 - not likely to fill the gap (Aspirations and Skill Demand)
- **The *current Pvt. universities* have come up in the existing framework and part of the *License Permit Quota Raj***
 - Not able to deliver to the potential that they can
- **For successful model**
 - Remove shackles as removed for the industries in 1991
 - Need Governance not Regulations
 - Autonomy- Academic, Administrative & Financial
 - Freedom for foreign collabotation
- **Regulatory models like TRAI may be explored**
 - Single window approach
 - Based on transparency and disclosure norms
 - Self regulations
 - Free entry with adequate capitalization norms

- **The Organisation of the Providers maybe**
 - Firms (proprietary/ partnership) or be Corporatized (Pvt Ltd., Pub Ltd companies)
 - Desirous Institutions may get listed on stock exchange
 - Listing & disclosure norms to be customized for education by SEBI
- **For degree granting institutions additionally**
 - Accreditation mandatory
 - More stringent listing & disclosure norms by regulators & if listed by SEBI
- **Proper funding mechanism *with free pricing***
 - *Resolve the impasse towards creating the necessary impetus for many more institutions to come up*
 - attractive tax breaks and incentives
 - Flexibility in fee fixation
 - reserve seats on minimal cost basis-rest free to charge



- **Guidelines for financing sectors framed by RBI w.r.t**
 - loans and leverage norms for education firms/companies
- **Student funding and Loans (go for variable fee structure)**
 - *those who are able to pay should pay*
 - effective scholarship schemes
 - well established proper Loan mechanism with provision of repayment on employment or services
- **Negative budgeting signals to be removed**
 - Skill development & non-degree or non-university affiliated courses to be treated on par with degree and affiliated courses for tax purposes
 - Education loans & repayments to be treated on par with housing loans
 - Education fees to be out of the preview of F. B. T

For Profit and Not for Profit Universities – An Example

- **Profit sector have been growing and increasing respectability**
 - They run with declared objective to make profit
 - They don't look for donations,
 - they look for investments and they give dividends to those investing in it
 - For profit will continue to grow in numbers and market share*
 - Growth in no-profit will continue to decline*
- **For Profit growth is evident by their**
 - Maintained standards of Accreditation
 - Tend to regard Accreditation as a business objective

***Source: : Integrated Postsecondary Education Data System (IPEDS)
of the National Center for Education Statistics (NCES), U.S.
Department of Education***

Non-Profit & For-Profit Distinction in Higher Education

Non-Profit

Tax Exempt

Donors

Endowment

Stake-holders

Shared governance

Prestige motive

Cultivation of Knowledge

Discipline-driven

Quality of inputs

Faculty power

For-Profit

Tax-paying

Investors

Private investment capital

Stock-holders

Traditional Management

Profit motive

Application of Learning

Market-driven

Quality of outcomes

Customer power

Both Modes are needed in any Country for fulfilling Varied Aspirations

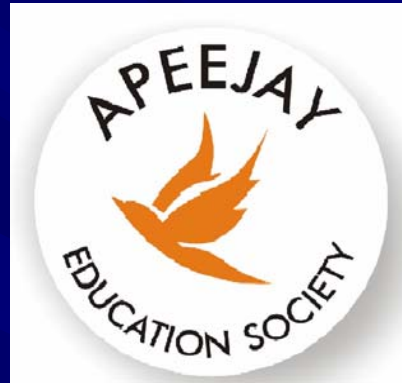
Profit vs Not-For-Profit

- *Not all public universities are good and it is not that all private higher education institutions are bad. “The old-fashioned public universities are becoming ever more promiscuous in their pursuit of income.*
- *In America, ‘public university’ is fast becoming a figure of speech. At a university of Virginia, the share of the operating budget coming from the state declined from about 28% in 1985 to 8% in 2004-5.*
- *As one university president put it, his university has evolved from being a ‘state institution’ to being ‘state supported’ then ‘state-assisted’, next ‘state-located’ and now ‘state- annoyed’.”*

Source: The Brain Business, Survey of Higher Education, The Economist, Sept. 10, 2005

History will not forgive us if we do not set right the structure, procedural obstacles and political apathy that keeps our youth away from acquiring the right Knowledge & Skills leading to the right career

TIME TO ACT IS NOW



THANK YOU