

COMMERCE EDUCATION IN THE CHANGING BUSINESS SCENARIO IN INDIA : CHALLENGES AND OPPORTUNITIES

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ABSTRACT

In the wake of globalization and liberalization of Indian economy, there has been a sweeping transformation in almost all spheres of trade, industry and commerce. In this scenario, the organizations have to face new challenges, threats and opportunities in terms of technology, quality, fierce competition, customer relations, human resource development, hedging of financial risk and so on. This calls for improvement in the quality commerce education in order to fulfill the demand of the corporate bodies for employable commerce graduates/ post graduates who have adequate skills, analytical power, responsiveness to real-life situations, problem-facing attitudes, opportunity-identifying and utilizing capabilities and so on to face the challenges of tomorrow. The present article modestly attempts to address certain relevant issues in connection with the challenges and opportunities faced by the commerce education in India in this dynamic business scenario.

Introduction

Today India holds a very high position, next to China only, among the fast growing economies in the world. The annual growth rate of GDP in India has increased from 2-3% during 1950s to 8-9% in 2006-07. With the transformation from regulations to liberalization, nationalization to globalization and from planned economy to open market economy, there has been a sea change in the trading and industrial spheres of the country. The wave of change also enters into the service sector. On the other hand, India witnesses a considerable growth in the field of higher education also. The ratio of enrollment of the students with higher educational institutions has increased from 1% of the total number of eligible population (i.e., people belonging to the age group of 18-23 years) in 1950-51 to 10% at present. In this backdrop, a few questions may hover in our minds regarding commerce education – what roles commerce education is expected to play in this changing scenario; can it fulfill the expectation adequately; if not, why ; and how commerce education can be modernized according to the changing demands of the society.

Development of Commerce Education in India

Knowledge in commerce is the core factor that makes an entrepreneur extra-ordinary from an ordinary businessman by providing something unusual and unexpected excellence to him.

Such commercial knowledge may help him in optimum utilization of the existing wealth and creation of new wealth rather than accumulation of wealth. Wealth creation brings about success in business, ensures survival of the business and establishes a reputation for it in the eyes of the society. But in India creation of excellent entrepreneur or businessman was not the objective behind introduction of commerce education in the British period. When a commerce school was set up for the first time in Calicut by the British government in 1895, the objective behind that was to produce efficient domestic clerks to meet the requirement of typists, stenographers, store-keepers and book-keepers of the mercantile and government offices.

Although the academic stream of commerce education found its genesis in India during the pre-independence period and the depth of such education increased from school level to intermediate, undergraduate (UG) and post-graduate (PG) levels during that period, it was very insignificant and limited to a few number of schools, colleges and universities. But during the pre-independence period and even after independence till 1960s, commerce was more recognized as a vocational stream of education than an academic one. The main purpose of vocational commerce education was to provide the students with essential occupational and technical skills and knowledge. A number of vocational institutions were set up here and there to offer packages like office secretaryship, typing and stenography, accounting, marketing and salesmanship, purchasing and store-keeping, banking, etc. Such vocational courses were very much popular since the students became employment worthy through pursuing these courses and got clerical, secretarial and accounting jobs in different industrial and commercial houses both in the public and private sectors.

However, after independence with the regional growth of trade and industry in India during the successive five year plan periods, there has been a gradual increase in the number of schools and colleges introducing commerce education both in urban and rural areas. This has been further proliferated by the government policy of introducing multipurpose higher secondary course incorporating commerce as a separate discipline along with science and humanities. Previously commerce education was basically restricted to accounting education although along with accountancy some other papers like economics, statistics, auditing, tax, laws, business management, etc. were taught at the UG and PG levels. But since 1990s in order to adapt to the changing environment of trade and industry and to meet the changing demands of the business world commerce education in India started to diversify and expand by leaps and bounds. A number of leading universities and colleges in India have introduced certificate or diploma courses in emerging areas like finance and control, banking and insurance management, international trade, travel and tourism, marketing, foreign exchange management, cooperative management, etc. With the advancement of trade, commerce and industry in the country,

commerce education has achieved an important position for the aspiring students' community. This is substantiated by the fact that enrolment of commerce students has been substantially increased from 0.36lakh in 1950-51 to 20 lakh at present and the share of commerce students in total enrolment has increased from 17.1% in 1975-76 to 25% in 2005-06.

Professional Commerce Education – An Important Dimension

On the other hand, setting up of the Institute of Chartered Accountants of India in 1949 added one new dimension to the commerce education in India, i.e., professional education in audit and accountancy. This dimension was more enriched with the setting up of the Institute of Costs and Works Accountants of India in 1959 and the Institute of Company Secretaries of India in 1980. Meanwhile, a number of management institutes were also established in different parts of the country. There is no room of doubt that emerging progress in trade and industry, enactment of the new company laws and many other relevant laws in the country and an urge for having discipline, transparency, credibility, value addition and up-gradation in the commercial, financial and accounting and other managerial activities of the corporate bodies have led to the inception of these professional institutions. On the other hand, throughout their long journey, these institutions have been playing a paramount role in respect of dissemination of professional education and introduction of codes of conduct and other disciplinary mechanisms for their professional members. At the same time through promulgating different standards, guidelines and norms, these institutions are rendering valuable services to the industrial and commercial sectors in the matter of bringing quality, credibility and acceptability in their financial and cost accounting reports, achieving global convergence of financial reporting, efficient utilization of resources, corporate governance, compliance with statutory rules and regulations, protection of the interest of all stakeholders and so on.

Perceptions of Corporate Houses regarding Commerce Education in India

Now let us consider the views of the industrial and commercial houses regarding the value, credence and importance of the commerce education in India. The experience in this regard was not encouraging at any time. From the very beginning there has been a panicky realization among the employers' circle both in public and private sectors that irrelevant, inadequate and outdated commerce curriculum imparted by the colleges and universities generate a large number of unemployable graduates and post graduates every year. To them most commerce degree-holders are at best fit for becoming clerks and not managers. Previously the corporate houses were reluctant to consider the candidature of even a 1st Class M.Com degree-holder for the post of an officer in the Finance and Accounts Department unless he had any professional qualification. This uncaring attitude of the employers towards commerce degree-holders is

observed even today in spite of the fact that there are at present several currently relevant and contemporary papers in the commerce curriculum which are similar to those in the professional courses. The root cause behind such poor impression of the industrial and trading enterprises about the commerce students is that the students are not properly trained to link up the theory they learn with the practical aspects they have to face in course of their services. The pedagogy of commerce education is mostly text book and class room-based, theory-oriented and far away from what happens in practice.

In this connection a question may arise in our mind : why the corporate houses are so skeptical about the employability of commerce degree-holders even today when the syllabus in commerce at UG and PG levels are no longer kept confined to the traditional papers but incorporate many need-based and currently relevant papers like IT and its business application, E-business or E-commerce, Information System Management, Risk Management, Portfolio Management, Financial Markets and Services, Consumer Behaviour, Strategic Management, International Trade and Finance, etc. The answer to this question is very simple. The open economic environment and the WTO regime have led to a sweeping transformation in almost all facets of trade and industry. In this critical juncture, the organizations have to face new challenges, threats and opportunities in terms of technology, quality, fierce competition, customer relations, human resource development, financial risk hedging, remodeling of organizations through merger / de-merger, joint venture, and so on. In this situation, if growth be a dream to an organization, survival has become its nightmare. Only that organization can survive now which is able to show excellence in all spheres of its activities. Therefore, it is quite natural and reasonable also that a corporate body should employ such a candidate who will not be a mere passenger but have a potentiality to contribute to its excellent functioning.

Paradigm Shift in the Nature and Quality of Jobs and Commerce Education

Now with the blessing of information technology, many routine jobs like accounting, budgeting, store-keeping, inventory control, etc. can be done using sophisticated software packages with maximum accuracy and perfection and minimum time, labour and cost. Even under the ERP system, jobs under different modules starting from purchase to marketing including accounting and HR related jobs can be done through on-line in well-integrated and well-coordinated manner. The revolution of IT has given rise to e-commerce, e-finance, e-marketing, e-banking, e-governance, e-filing of tax returns and so on. All these provide an impulsion to the modern organizations for restructuring and reengineering their operations to tap the benefit of such technological advancements. These amazing developments have caused a paradigm shift in the nature and quality of jobs required by the companies from their employees. Need for a clerk is diminishing gradually. Now the employers demand adequate IT skills, more

analytical power, critical thinking and responsiveness to real-life situations, problem-facing attitudes, opportunity-identifying and utilizing capabilities, ability to locate, obtain and organize information etc. from the young generation employees.

But the general perception of the corporate employers is that the present system of commerce education is too obsolete and ineffective to provide quality students to meet the changing demands of the corporate world. It creates a mismatch between the aforesaid demands and supply of standard human resources. A student's ability and skill to meet the present demands of the corporate employers may grow through different methods of commerce education involving case study, project works, practical training, business communication, group discussion, soft skill development, business game, etc. Unfortunately these are given less emphasis in the ongoing commerce curriculum of most of the colleges and universities. So it is very much essential for the universities and colleges to suitably and appropriately overhaul and restructure the commerce curriculum and place more emphasis on the managerial aspects of the organizations in order to provide an edge to the students in dealing with the changes in the industrial and trading environment.

Is It Necessary for Commerce Education to be more Profession and Management-Oriented?

A pertinent question may now be raised – where there are professional courses like CA, CWA and MBA, is there any need for commerce education at UG and PG levels to be more management and profession-oriented and to place more importance on practical aspects of education? A number of points may be put forward in reply thereto.

First, the value and importance of commerce education to the society is more concerned with generating employable students than scholars. So it should be more job-oriented than academic one. Therefore, commerce education may gradually lose its importance, popularity and even existence, if it fails to inject professionalism and managerial aspects in its course contents.

Second, today the corporate employers are vigorously looking for those prospective employees who have specialization in specific areas like finance, accounting, marketing, HR and IT. There is a general impression that a commerce degree-holder is a jack of all trades but master of none. For shirking off this impression, the commerce curriculum at UG and PG levels should focus more on specialization aspects in different domains of business.

Thirdly, in order to generate employable graduates and postgraduates, the commerce education needs to be more practical-oriented. It is true that yesterday's theory makes today's practice and no practice becomes viable and effective unless it is backed by a theory. But it is equally true that no theoretical knowledge is perfect and complete unless it is supported by practical experiments. This is also applicable for commerce education.

Fourthly, knowledge in commerce should not and cannot remain static. For development of such knowledge and creation of new knowledge, research is very much imperative. The academic institutions may continue to contribute towards research activities in their own manner. Anybody will appreciate that research works in different areas of commerce would be more productive and meaningful to the business world and the society as a whole if these are more related to the real life problems. If there is a greater interface among academic institutions, professional institutions and industrial sectors in respect of research works, the outcomes therefrom shall lead to the growth of knowledge and development of trade and industry.

Finally, instead of maintaining a meaningless boundary between the professional institutes and academic institutes, a closed integration, cooperation, coordination and interaction should be developed between them in the matter of communication of knowledge in commerce, creation of new knowledge in commerce and extension of the same. This will not violate the ethics on either side but help in creating a healthy academic and professional environment conducive to the development of the students' community and development of trade and industry also. Sheer possession of technical skill may not be adequate for facing all sorts of on-the-job problems. Sound theoretical knowledge base coupled with practical skill should be the ideal combination and commerce education needs to be re-oriented in that way.

Interaction between Corporate Houses and Commerce Education Providers

Still now a considerable distance is there between the commerce education providers and the industrial and commercial houses. Although recently many universities have thoroughly revamped the commerce syllabus to make it more industry-friendly, very few corporate executives are aware of it. Most of them are still guided by the old belief that the commerce syllabus is too warped, back-dated and irrelevant to provide employable students to them. Very little initiative is taken by the academic institutions to keep the corporate executives abreast of the present commerce course structure and remove their wrong belief. Nor any measure is taken by those institutions to market their courses before the corporate executives. It is true that education should not be treated as a marketable commodity. But under the regime of GATS, there is influx of many foreign institutions in India. They are very much concerned with marketing their courses and curriculums in India. In these circumstances, the Indian institutions should not have any dogma. At least for the sake of survival in so highly competitive environment, it is very much imperative for the Indian institutions to market their courses and curriculums before the corporate bodies. There should be a close link and interaction between industrial activities and commerce education. For development of industry-friendly courses and curriculum, the universities may obtain the opinion of the industrial representatives. The institutions may invite the corporate personalities in seminars, workshops

and panel discussions to exchange their views, opinion and practical experiences with the teachers and students on many contemporary topics. Industrial visits may be arranged for the students. During the summer recess, the students may be allowed by the industries, banks and insurance companies to observe the functions of their finance, accounts, marketing and other relevant departments. Even these organizations may provide some practical training to the students so that they can learn by doing and their technical competency can grow up. The academic institutions may invite the experienced executives from different areas of the corporate houses to deliver lectures before their students. This will remove the distance between the commerce education providers and the corporate houses on one hand and enhance the recognition of the commerce-degree holders and their acceptability in the corporate world on the other hand.

Role of UGC in Making Commerce Education More Relevant and Updated

The UGC has recognized that there has been a paradigm shift in the perception that commerce education has a strong potentiality to fetch jobs in the business, trade and industrial sectors. It has recognized the need for arranging skill up-gradation of the students as required by the industrial and commercial houses. During the 10th plan period the UGC has given green signal to launching of many value-added and job-oriented diploma programmes by the colleges and universities. It has suggested that colleges may supplement their degree courses with certificate / diploma programmes. To this end, the UGC has offered the undergraduate colleges a special grant of Rs.1 lakh per course introduced. The UGC also constituted expert committee to encourage revision of syllabus once in every five years to keep pace with the changing business environment.

Role of Corporate Houses in Development of Need-based Courses

Many corporate houses have also started to invest a lot of funds to train up the college students to fulfill their own requirements in collaboration with the colleges and universities. For instance, ICICI Bank has recently introduced e-learning course on banking foundation. The bank bears the entire capital cost for opening e-Learning Centre at different colleges and universities of the country to impart training to the commerce students on banking operations. Their target is to produce at least 15 lakhs skilled and knowledgeable students by 2011. IBM has introduced a web-based and self-directed training course under the name "IBM Web Sphere Commerce Fundamentals". The basic objective of this on line course is to provide a base point for those who are new to commerce and need an introduction to commercial knowledge and activities before undertaking any job in the commercial field.

Commerce Education to Produce Job - creators also

Commerce education is not only for the job-seekers; it can produce job-creators also through development of entrepreneurship. To this end many schemes may be taken by the universities and colleges under the guidance and financial support of the UGC and AICTE. The students may be imparted theoretical and practical training on promotion of new venture, project planning, feasibility studies, project financing, etc. The institutions may undertake such training programme in collaboration with the industries and banks. The banks may come forward with attractive loan packages to encourage the students in starting new business.

Future Prospects of Commerce Education in the Changing Business Scenario

If the Indian economy is to attain 9-10% annual growth rate of GDP as targeted in the 11th Plan period, there will be more industrialization in the country in near future along with further development in trade, commerce and service sectors also. This will call for improvement in the quality and quantity of commerce graduates streaming out of the colleges and universities. With the increase of the FDI in the country and also with more internationalization of Indian economy, the demand for such commerce students will grow up who can speak different languages, who can move easily between cultures and countries and, above all, who have adequate skill to work efficiently in global environment. Since the present commerce education system fails to provide this kind of students, industrial and business enterprises are becoming increasingly anxious about the ensuing crisis of the talented and skilled manpower. It is apprehended that shortage of skilled manpower will compel the corporate houses to resort to business process outsourcing and to import manpower from abroad. This will have an adverse implication for unemployment problem in India in the long run.

The silver-lining is that a few leading universities and colleges have already taken serious concern on this issue. They have adopted a number of measures like modernization of curriculum, introduction of need-based and relevant job-oriented courses, replacement of teaching by chalk and duster with new pedagogy like audio-visual training, business games, computer-aided teaching, case study, group discussion, project works, etc. They have also arranged for soft skill development of their students. But having considered the vast requirement of the business world and the vast size of the eligible students' community of the country, very little progress has taken place so far in respect of modernization of commerce education and many miles are there to go.

Conclusion

As forecasted by the management guru, Peter Drucker, in the 21st century manufacturing

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sector would lose its importance and service sector would make significant contribution towards national income; knowledge and information rather than capital would be main source of economic development; business office would be "paper-less" due to IT revolution; HR managers would be more concerned with HRD rather than HRM; and because of information boom and communication revolution, there would be little distance between producer and consumer. So the 21st century is going to experience a radical change in the socio-economic system and when such change is inevitable, it would be more prudent to anticipate such change well in advance and take appropriate action for adapting to such change. Then only one can exploit the best opportunity of the change and deserve a prospective future. This is more true for commerce education particularly because it is closely associated with the industrial and business environment which is ever dynamic in nature. So this is the crucial moment not only for the universities and colleges but also for the concerned policy makers and regulators to take all possible actions so that commerce education can proactively and pragmatically respond to the changing scenario of the industrial environment and perform a constructive role in development of trade and industry.

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