

# “Why can't Business Schools forecast MBA demand better”



Weekly Learnings 04 / 2024

The placement season is tough in 2024. Established B schools are writing to their Alumni seeking help in placement. Why can't the B Schools forecast better? They teach forecasting to the students and industry!! Here's an article I wrote for businessline.

I wrote this on Wednesday, on Friday the All-India IIT placement committee considered doing what I recommend in point 4 here on transparency in salary reporting.

This placement season will be a mini crisis and challenge and B schools should learn and change reflecting what they teach ' Never waste a crisis as an opportunity for change'

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◎ **CAMPUS HIRING**

# Why can't B-schools forecast MBA demand better?

**THE ART OF MANAGEMENT.** Institutions need to own the placement process, not let students run it



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**T**he current placement season is tough, and B-schools are sending SOS mails to alumni seeking jobs for students of their alma mater. My wife asked me: "B-schools teach their students demand forecasting, predicting trends and so on, then why are they not doing it for themselves?" Good question!

Why the slowdown? A soft economic situation, threat of recession, AI- and tech-led job shedding, too many B-school students, all add up to a weak 2024 market for MBAs. This was not a surprise; and many saw this coming. Summer internship (when IIMs struggled to place the full batch) was a red flag. However, B-schools still thought they could score 36 runs in the last over. Hope is never a strategy.

The promise of a good job is an informal guarantee between a B-school and the student. This is not a written guarantee. When B-schools flaunt their ranking and salary packages, they fuel this informal guarantee. So, a B-school lets a student down when it cannot place him/her well. It is a breach of trust.

What drives this B-school myopia and what could be some answers/enablers to this challenge of poor demand forecasting?

- A part of the problem is that B-school placement is mostly run by students for the students. This is the first hurdle in building a decent demand forecast model. Students have short term



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memory; they chase a few big-name companies. The student placement team pursues companies that came to campus before and students reach out to previous batches for new contacts. For students, this is a 4-week festival they need to see through. The argument that this is real-life exposure for the placement committee and helps them build skills is far-fetched.

- If things need to change, the B-school needs to own its placement and must institutionalise relationships with at least 500 companies in India and overseas. The institute must develop a holistic database to track the top 25 sectors in the country. They need a full-time team to analyse opportunities and track CEO, CHRO commentary on hiring, attrition, expansion plans, new launches, mergers and acquisitions. AI will help. This analysis will help the B-school develop an overall macro

index of demand for its students by discipline. B-schools that offer a one-year MBA don't have the problem to the same degree as the institute that owns placement lock, stock and barrel and co-opts students where needed.

- Next is focus. The B-school focus is diffused — they have too many MBAs — a two-year MBA, an online MBA, an exec MBA, executive education and so on. Each of the sub-brands generate revenue and the B school is now an assembly line. The B-school wants to be outcome accountable only for the two-year MBA and that's not fair to the other programmes. The B-school needs to own the outcomes for every significant programme they offer. Till they do that, they will not develop a better market sensing mechanism or build deeper relationships for their two-year MBA placements.

- Every B-school needs a professional placement office and

team to place all programme students. A professor of a department cannot do the placement job as a side show. You cannot give a student a certificate with your logo and then tell him he is on his own! In one of the B-school boards, I recommended that the B-school tie up with a headhunting firm for a period of three years, so that the placement officer and his team develop those capabilities. Can headhunting firms volunteer? Professionalising placement will help better demand forecast.

- The B-schools need to build transparency around the cost of the MBA programme and salaries. Every B-school reports it in a different way to suit its agenda and this hurts credibility with the industry, who are the B-school's customers. The bigger B-schools should embark on self-regulation. It will help smoothen demand for all B-schools over time. A baseline data point is good and the government can ask all IIMs to report data uniformly or all the IIM Directors can agree to do it in one way.

- A wild suggestion — limit batch size to 500 for a few years in IIM Ahmedabad, Bangalore and Calcutta; this will help raise quality of students, teaching, campus student experience and placements in the top 50 B-schools. These institutes struggle to place the last 100 students today and they need a breather. Limiting intake will get better quality demand forecast.

The worst thing for B-schools is to say 'this is cyclical and this will go away'. Then, they will not be practising what they preach: "Never waste a crisis as an opportunity for change."

The writer has been on eight B-school boards.