



The CAT Fiasco

Any crisis also represents an opportunity. The IIMs must seize the opportunity created by the CAT fiasco and turn it to their advantage.

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Ever since the CAT fiasco, the government has taken full advantage of the situation and expressed its interest in playing a bigger role in the affairs of the IIMs. This is especially unfortunate as IIM Ahmedabad, Bangalore and Calcutta have declared that they are financially self-sufficient and do not need any government grant. The government's plan to slash the annual tuition fee at the IIMs from the current Rs. 1.5 lakhs to Rs. 20,000 is most unfortunate and indeed a perverse step that will only weaken the IIMs in the long run.

Even though the IIMs were set up by the government, our political leaders very wisely decided to give the responsibility for management to the faculty led by the director. The faculty have a strong interest in the sanctity of the admissions process as they know that the real strength of the IIM brand comes from the quality of the students who get enrolled each year after a rigorous screening process.

True, leakage of examination papers can and does happen from time to time. No system is so foolproof as to eliminate totally the possibility of leakage. But in the name of strengthening the system, if political interference begins, much graver consequences are likely.

Meanwhile, to strengthen their hands, the IIM faculty led by their directors must take a more proactive approach to the larger governance issues. In particular, they need to take a fresh look at two areas, the CAT examination itself and the fee structure.

Today, the CAT has become a very popular examination. Many students who take CAT go through really intensive preparation involving months of study and several mock tests.

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Indeed, CAT coaching has become a booming business. With so much importance being attached to an examination, it is no wonder that the unscrupulous elements have a strong incentive to use unfair means.

A pertinent point to note is that the CAT examination is good at testing IQ but not so good when it comes to identifying managerial potential. Indeed, the IQ levels of some IIM students are so high that they soon become misfits in the industry and find it difficult to handle, routine, boring jobs, which are common in most corporate environments. Unless the IIM faculty keep innovating and changing the pattern of CAT and the interview process, this trend cannot be reversed. Greater importance must be attached to interviews. Seasoned interviewers have an uncanny ability to gauge the managerial potential of a student. Logical thinking, conceptual clarity and ability to think on one's feet are better tested in a face-to-face interview rather than through a multiple-choice examination. A more active involvement of senior corporate managers in the IIM admissions process is also necessary. A fresh look at the examinations is also advisable to limit the mischief potential of unscrupulous elements. Here, the GMAT examination can serve as a role model. In the GMAT, each student gets a different set of computer-administered questions. As a result, the possibility of leakage of the question paper is ruled out.

The second issue, that the IIMs need to grapple with, is the fee structure. Governance becomes effective when the stakeholders actively monitor the affairs of the organization. And the best way to do that is to increase the stakes of the people who have the greatest interest in seeing the continued well being of the IIMs, the students. So, contrary to the government stand that fees be reduced, they must be raised substantially. When fees are high, students will be more demanding and will do whatever is necessary to protect their interests. About a year back, I had the opportunity to sit through some case discussions in Harvard Business School (HBS). I noticed that all the seats were filled and the students had come well prepared. Undoubtedly the high fees ensure that students are very serious when they are at Harvard. Whereas I can recall my IIM days when some of my classmates got through the program without even visiting the academic block!

But high fees should not exclude meritorious students from access to MBA education at the IIMs. For poor students who get admission into the IIMs, money is always available to finance their education. Unfortunately, this fact has not been adequately publicized. Many poor students living in the rural areas are unaware of the kind of financial assistance and loans one can get these days for pursuing higher education. And it is a great pity that we do not see even one advertising campaign from the IIMs, to create more awareness of the student loans and scholarships available today.

Any crisis also represents an opportunity. The IIMs must seize the opportunity created by the CAT fiasco and turn it to their advantage. They must act proactively, strengthen the governance mechanisms and make it difficult for the government to interfere.