

HCL to hire kids directly from school: Does this mark a divorce of education, employment in India?

Kausik Gangopadhyay Mar, 27 2017 14:05:12 IST

Technology giant HCL **announced** a transformative scheme recently under which high school graduates with 85 percent marks will find a technical job in the company, with a part-time facility to get a college degree. The scheme, launched on 24 March, is an interesting development that has the potential to implement a disassociation of education from employment.

Education has largely been associated with quality of living for more than a century. Even today, people pursue their interest in music or Sanskrit to enrich their lives rather than for gainful employment. However, it is a truism that technical education-courses, like Bachelors in Engineering or Bachelors in Technology, are inherently tied to employment and job prospects.



Michael Spence, a Nobel laureate economist, explained this association: Even if the value of education is nothing – a cynical view, but this idea helps to illustrate the underlying point quite well – high calibre people will educate themselves in order to separate themselves, to their prospective employers, from their low-calibre counterparts, who are incapable of pursuing this education. The employers will offer the job to the educated person, understanding that the educated are the high-calibre people.

So do professional courses, like a B Tech in an IIT, function as Spencean signalling beacons? It is not a unreasonable proposition if we consider the fact that a coaching-school teacher in Kota, who trains students for the prestigious IIT Joint Entrance Examination, often earns a far fatter salary than an IIT professor.

The entry to IIT is more valuable to all involved in the game than the actual education in the IIT, as the entry offers the signalling of high-calibre-ship. For the same reason, an IITian trained in mechanical or civil engineering for four years, taking up an information technology sector job at the entry level is a common occurrence.

Once it becomes clear to students that the employers are largely interested in their IIT brand, their commitment to engineering education can only diminish. Our engineering education has Spencean signalling written all over it.

Now, with the proliferation of engineering colleges of all hues, engineering has become the choice for a common student compared to its role as an extraordinary choice a generation ago. In this era of ubiquitous coaching institutes, questions often arise if the entrance examinations are good enough to identify raw talent devoid of coaching. The signalling mechanism is faltering.

What happens if the signalling is easy and cannot distinguish between the high-calibre and low-calibre individuals? The Spencean model conceives of a pooling equilibrium in which everybody undertakes much education that hardly helps most people.

A report in [The Economist](#) finds that though India produces twice as many engineers as the United States, less than five percent of the engineers are fit to work in a quality product firm. The unnecessary education drains the society's resources without proportionate gains.

The road for social welfare lies in prospective employers' ignoring of this signal. Fortunately, HCL took the courageous first step to delink engineering education from job opportunity. A success of this step will mean more companies walking the HCL way and gradually a graduation degree in engineering being a certificate of education rather than being a job insurance.

The other part of this story is about the increasing deterioration of our higher education standards. For our degrees to be worthy of pursuit, they must be of value and associated with performance in the related sectors.

Successive governments in India have almost exclusively focused on establishment of new educational institutes rather than improving the quality of the education. If our degrees need to shine, they should be offered after demanding accomplishment.

Generally, the Indian education system is too theoretical. An engineer after his graduation is more often than not found only to have a theoretical understanding than a real competence to tackle the practical scenario. Our curriculum requires a revolutionary shift to make technical education tied to industry and innovativeness.

The thrust of the argument will follow the same pattern in case of management institutes and degree programs. In sum, the immediate need is to raise the quality of higher education; producing an army of uneducated degree-holders is not a good idea.

The author is associate professor, economics at IIM Kozhikode.