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Research Papers

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## Benchmarking in Business Education: An Exploratory Study

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### Abstract

*The quality of Business Education dwindles at a complex pace in the world. This phenomenon forces academicians, researchers, policy makers and think tank to scrutinize and review business education to make it objective oriented, mission based, qualitative and beneficial for all the stakeholders. Accordingly, Business schools have adopted an operationalized variety of measures like accreditation and assessment process to raise the quality of business education and to meet global manpower requirements. But most of such measures have disapproved their essence by making insignificant improvement in business education. Benchmarking is now overwhelmingly seen as an effective tool to faster continuous quality improvement in business education through the process of following "best in class" Practices.*

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Yet, most of the business schools in the world, including India, have not adopted benchmarking due to its complicated procedure. In view of this, the present study, therefore, makes a modest effort to identify the application of benchmarking in business education along with its methodology to make its use frequent, easy and beneficial for business education.

#### **The concept**

Higher education is undergoing a series of overlapping changes, which are profoundly affecting its organizational structure, traditional practices and the way in which institutions (and those who work within them) are viewed by the Public (Nixon, 2001). There is a global trend towards "academization" (Lafferty and Fleeming, 2000) and designing of various colleges and Universities. And accordingly, various measures are being exercised to redesign, shape and improve business education. Among such measures, "Benchmarking" has emerged as an important tool to put "best-in class" practices in use almost in every part of the world. In India, within and

outside the institutions and colleges, a question is raised, should business schools adopt benchmarking? If the answer is yes? The other question that follows is: to what extent and in which areas and aspects of business education? Benchmarking, although seems a new concept, is a very old one. Amongst the individuals, Francis Lowell and Henry Ford are the pioneers who have given practical fillip to benchmarking. It may be stated here that Xerox, IBM and Motorola are the early prominent companies that have applied benchmarking in different spheres within their industries. Through benchmarking, these industries have succeeded to raise the quality of their products and market share as well (Bhat, 2000). Primarily, benchmarking was characterized as "problem based benchmarking" but after 1990s, benchmarking has transitioned to concentrate on how to improve key business processes that have the greatest leverage on organizations' strategic goals. Benchmarking is now seen as an effective way to ensure continuous improvement or progress towards strategic goals and

organizational priorities. While (Camp (1995), states "benchmarking must come to mean learning from others". It is a process of moving from where we are and where we want to go. Bench-marking is somewhat different from Benchmark. The later is a point of reference against which things are measured. Benchmarks are the standards that are used to find out the variation between actual performance and established standards and to study the causes of variance continuously as long as the actual performance matches or equates exactly to the benchmarks.

**Business Education and Benchmarking Approach: The Need**

Business education is a form of education that exclusively educates and trains a learner extensively about the conceptualization and practical application of businesses literature for making effective organizational decisions (Shah, et.al, 2005). Within the domain of business education, all such courses and degrees fall in line, which have core management orientation and curriculum. The institutions who offer business education have growth at an explosive rate. The case is somewhat similar in the Western and European world. This rapid growth and proliferation of business schools is under scrutiny around the world, Shah, et, al.2005). Peffer and Fong (2002) In heir controversial paper titled "The End of Business Schools: less success that Meets the Eye" contends that graduates with business education are no more successful than the leaders without degrees. This indicates eloquently that business schools prove unsuccessful to trickle the traits of business education appropriately among the business graduates. Therefore, to raise the quality standards of Business schools,. The American Assembly of collegiate school Business(AACSB), a professional body, stated that business schools lack research, skill development and are wrapped in interpersonal issue and as a result, their quality is low. It further observed that, (AACSB) faculty in most of the business schools is not inclined towards research and publication and should be subject to continuous accreditation for most of the schools and as result out of 1200 business schools only 280 allowed the accreditation. And accordingly, in 1998, benchmarking approach was introduced for locating institutional or programme/ departmental partners to make comparison and seek improvements.'

**Objectives**

The study has been undertaken with the following objectives:-

1. To study the need for introducing benchmarking in business education.
2. To identify the areas in business education for

applying benchmarking;

3. To recommend methodology for applying benchmarking in business education; and

4. To suggest the measures for overall improvement of business education through benchmarking process.

**Type of the study**

The study is exploratory in nature.

**Scope of the study**

The scope of the study is confined to business education only.

**Literature review**

Benchmarking is overwhelmingly used in manufacturing sector over the last two decades or so. Its application in Higher Education in general, and Business Education, in particular, is rarer. Business education institutions are learning centers. Therefore, the use of benchmarking seems more relevant and cohesive with academic activities. According to Shafer and Coate (1992, 28), opine that "benchmarking in higher education can be used for evaluating and improving institutional performance in the areas of cost, quality and customer service." During 1993-94 American of collegiate School of business (AACSB) applied benchmarking in various business schools. The benchmarking covered different areas including administrative aspects (Alstete, 1994). Thus, Business Education can't improve unless it does not adopt benchmarking in business education can be applied in different areas ranging from admission process to product transformation process including, staff recruitment, student selection, curriculum design and delivery, academic orientation, evaluation, skill and attitude development, brand building cost control, infrastructure and human development etc.

Business Education needs competitive benchmarking rather than Functional or generic benchmarking. Competitive benchmarking is measured against its peers or competitors. However, it can't be ruled out forcefully that generic benchmarking is irrelevant in business education. The generic benchmarking can yield much more effective results than competitive bench-marking, provided generic benchmarking characteristics fir to the nature and prevalent environmental forces operating in a particular institution and country. The research has indicated that benchmarking in business education has almost remained limited to internal benchmarking (Alstete, 1995). This is mainly true with bushiness schools which do not stick to the "best-in class" practice in the operationalisation of benchmarking as a result business schools fail to attain desired result and quality standards. Engelkemeyer (1998), opines that "internal benchmarking makes merely self introspection and

does not empower institution of learning to rise to the level of “best- in class” practice. Despite this, the belief goes that the internal benchmarking (enforced by internal quality cells) does offer some immediate benefits, and acts as a basis for applying competitive and generic benchmarking.

Application of Benchmarking in Business Education

In the Indian Context, the concept of benchmarking in higher education, in general, and business education, in particulars, is not seen much in practice when the same is significantly required. This is because India produces largest member of business graduates annually after US in the world through the network of almost odd 300 business schools of which some are much below to the required standards. Moreover, India is emerging a hub of global investment and business opportunity after China and Malaysia. Therefore, business schools in the country need to supply competent and qualitative business degree holders who which would go a long way to contribute in their individual and national development. This can be attained by applying benchmarking in different areas of business education system ranging from admission process to administration process, transformation process to evaluation process, etc. Today, business schools overwhelmingly operate under stiff competition, few business schools with strong brand, adequate infrastructure, curricula, etc can be set as benchmarks in varies areas of academic process for other schools. AACSB developed a robust approach through which institution programme or department could be benchmarked. For benchmarking, the following items were selected:-

- ? Grade point average requirement for business school admission.
- ? Grade point average of admitted graduate/ undergraduate student.
- ? GMAT scores of admitted graduate students;
- ? Under graduate student retention rate of institution;
- ? Instructional dollar spent per business student;
- ? Full time equivalency business student / faculty ratio;
- ? Total number of business faculty full time equivalence as percentage of total faculty full time equivalency;
- ? Average business faculty work load and preparation per academic year;
- ? Open and listing best practices;
- ? No of internship in business schools; and
- ? Business faculty full time equivalent as a percentage of total faculty full time equivalency.

This methodology of benchmarking cannot be directly extended and applied to business education

in the Indian content. It is because business education in Indian is overwhelmingly taught according to the domestic pedagogical patterns which vary significantly from European and American style. Therefore, benchmarking mechanism must relatively be different than one offered by AACSB. Benchmarking, in business education, should cover areas which have predominant impact in raising the quality of business education. Such benchmarking must focus on process development, curriculum design, evaluation and faculty improvement. Benchmarking, in business education, should be able to provide answer to the following questions:-

1. Which business school has high institutional brand and how?
2. Which business school admits the best students and how?
3. Which institution hires and retains talented faculty?
4. Which institution has lowest operating expenses per student?
5. Which business schools have effective curricula than ours?
6. The products of which business school have high demand and why?
7. Which business school is “best-in class” and how?
8. How can we be the “best- in class”?
9. In which area of administration / academics etc we lack?
10. How can we keep our stakeholders satisfied? etc.

Benchmarking in business education, need not to be specific with a particular institution only. It can be with all such institutions who adopt “best-in class” practices in any area of business education. Business schools may vary significantly from each other with respect to healthy practices and other academic practices. Few institutional may be “best-in class” in one area while others may be “best-in class” in other aspects. For effective benchmarking “best-in class” practices for each institution need to be identified. Business schools should resort to collusive benchmarking i.e. they together can form a group identity or discover the healthy or quality practices in each school with respect to students admission, faculty recruitment, training and development, administrative governance, curriculum design, development and evaluation process, infrastructure development, skill knowledge and attitude development of students. Such practices should be applied to measure expected benchmarking performance with actual performance. This form of bench-marking must aim to lead continuous improvement in different aspects.

The aforesaid discussion makes it lucidly clear that benchmarking has enormous scope in business education. It can't be applied to a particular area of business education only as has been held by a few prominent experts on benchmarking like Brigham (1995), and Dale (1995). Benchmarking can be applied in all the aspects of business education ranging from administrative management to curriculum development.

#### **Benchmarking Methodology for Business Education**

Benchmarking is no more specific to manufacture sector. It can be effectively extended and applied with advantage in service sector including higher education and mainly in business education. Today Business schools, raise a key question as to how benchmarking makes business schools better than best? And how they reach to the level of "best-in class"? These are foe question to which Watson (1992), S. Pendolimi (1992), and camp (1995), have attempted to reply by providing multiuse approach foe applying benchmarking in business education. This approach or methodology is spreads over to four main steps namely 1) Planning the study. 2) Conducting research. 3) Analyzing the data and 4) Adopting findings to the home institutions. The methodology is discussed as under:-

#### **Planning the Study**

Planning is a process of deciding in anticipation how different tasks would be performed to achieve desired goals. In an education set up, business schools need to decide, with respect to benchmarking, two important things 1) which aspects or area of business education needs to be benchmarked? And 2) which form of benchmarking business schools should follow? There are different areas, which can be benchmarked, in an educational system. They include, administration process, teaching learning process, curriculum design, development and evaluation process, admission process etc. All these aspects have strong link with the quality indicators of business education. Business schools should exhaustively evaluate the nature and type of bench-marking they need to apply i.e. they should be clear about what type of benchmarking they require to follow. There must be a clear coherence between vision, mission statements of institution and objective of benchmarking,

#### **Conducting Research**

Conducting research means to find out and unknown knowledge or to strengthen an existing knowledge. In the context of business education, conducting benchmarking research means to find out the "best-in class" practices with respect to a particular class or area of business education and compare such

practices with the existing practices of business institutions with respect to administrative process, teaching learning process, curriculum design, development and evaluation process, cost reduction process, etc. Mear identification of "best-in class" practices should not be the objective of benchmarking research. It should find out or study the policies, role of people, style of working, behavior and attitudinal aspects of people, skill, knowledge etc, which support the healthy development of "best-in class" practices, i.e. research should dig deep to find out the factors which directly or indirectly contribute in the emergence and development of "best-in class" practices.

#### **Analyzing the Data**

The data collected should be exhaustively analyzed and scrutinized to draw meaning full conclusions and inferences for making appropriate decisions. Adopting finding to the home institution

The findings suggested by the benchmarking study shall be implemented in a manner and spirit as suggested to secure the benefits of benchmarking.

#### **Suggestion**

From the forgoing discussion, the following recommendations are made.

1. Benchmarking in business education can be extended and effectively applied in all most all areas and aspects of business education. It is not specific to cost reduction and administrative management, as has been held by Brigham (1995), and Dale (1995). Benchmarking can be applied in all such areas which are viewed as quality of business education.
2. Benchmarking , in business education should mainly stress on administration process, teaching learning process, curriculum design, development evaluation process, student selection, and faculty retention and development .
3. Business schools should bore specifically adopt competitive bench-marking to reach to be "best- in class" level.
4. The objective of benchmarking should be in coherence with the vision and mission statements of institution.

#### **Notes and References**

##### **Notes**

- Functional benchmarking is one in which organization's performance is compared against similar process in the same function but at companies outside its industry

- Generic benchmarking is one in which organization's processes are compared against exemplars of truly innovative practices and world class. Performance levels, regardless of the industry.

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**Certificate**

It is certified that the paper titled "BENCHMARKING IN BUSINESS EDUCATION:AN EXPLORATORY STUDY" has not been submitted to any print or on line journal, magazine etc for publication to the best of my belief and knowledge.