

# PERFORMANCE MANAGEMENT SYSTEMS WITH A FOCUS ON B-SCHOOLS IN COASTAL ANDHRA DISTRICTS

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## Abstract

The study opens with lots of optimism, aspiration and positivity. The present study attempts to make an affirmative effect that would lead to a paradigm shift in the present practice of the Performance Management Systems in education institutions in India and would help in identifying the roots of improvements and analyze the factors that are hampering the performance of educational Institutions. As the charm of Management studies are gradually losing. This is evident from sharp decline in the number of MBA aspirants so much so that a large number of seats even in the Business Schools (B-Schools) across the country remain unfilled. It is also observed that many colleges have opted for closure. Even the corporate looks at the B-School graduates with suspicion in terms of their competencies and employability. Regrettably, even the regulatory bodies are also focusing more on granting approvals rather than improving the quality of management education in the country resulting into high proliferation and low quality of teaching- learning. This problem is further amalgamated by faculty shortage, poor quality of faculty, short term focus of the management education providers, poor governance, lower degree of accountability, indifference of the corporate and above all competencies of MBA aspirants in terms of undergoing rigor of professional education. The Embryonic state of these B-Schools stresses an immediate correction of the course content and greater involvement of all the stakeholders' vis-a-vis management education.

**Key Words:** Performance Management Systems, Business school, Key Performance Indicators, Statistical Package for Social Sciences, Factor Analysis.

The theme of the present research paper is closely related to the study, analyze and access the Performance Management Systems by designing key performance Indicators to Business Schools. The research is done based up on the prevailing institutional environment and climatic settings of B-Schools. The Key performance Indicators (KPI) are the set of quantifiable measures that a company or industry uses to judge or compare performance in terms of meeting their strategic and operational goals. They can be called as key success indicators. Key Performance Indicators (KPIs) help educational institutions to understand how well they are performing in relation to their strategic goals and objectives. They describe some form of data quantification and performance metrics used for measuring the performance. Firstly, we have to identify the information needs and then carefully design the most appropriate performance indicators there by the PMS of B-Schools can be accessed.

The present study has defined a set of key performance indicators (KPI) in order to observe and evaluate all management processes to support decision making activities. The purpose of KPI is to get

quantifiable measure, which reflects critical factors of success towards setting up of a quality and well defined Performance Management System. There is a huge demand for skilled managers in the global economy, including India. This necessitates can be met by analyzing the PMS initiatives in business schools, which can be considered to be knowledge intensive organizations.

The aim of the present research study is to evaluate the effectiveness of the performance Management System. The research questions were: (1) how do the Institutions conduct planning of performance management System? (2) What are the various phases followed for on-going feedback and employee input? (3) How efficient was the process of evaluation and review of the performance management Systems? (4) How operative/proficient was the overall implementation of the performance management system? (5) How far the PMS help to edifice in promoting quality education that cater the corporate job needs. These questions are being answered with the design of KPIs.

The present research is a result of an exploratory study that tries to explain the factors influencing the success of Performance Management System initiatives in a business school to distinguish itself in the academic market place. A generalized Key Performance Indicators has been identified highlighting possible antecedents and consequences of a business school in its quest for becoming a hegemony learning organization. The data gathered from selected reputed business school in coastal Andhra districts and is analyzed by Factor Analysis to find out the factors among observed variables that can be used to interpret the variance of the observed variables using Statistical Package for Social Sciences (SPSS)

## Introduction

### CHALLENGES TO B-SCHOOLS

- The growth and complexity of businesses today is spurring strong growth and fierce competition in the executive education segment
- Companies and executives want development opportunities that are grounded in real life.

Business schools, defined as educational institutions that specialize in teaching courses and programs related to business and/or management are facing major challenges. These challenges stem from a number of major shifts in the business education landscape, including the rising importance of rankings and accreditations, the increased weight placed on ethical decision making, the ongoing debate on rigor vs. relevance in research, the digital revolution, and the significant decrease in public funding. In fact, they are so fundamental that the coming decade is likely to represent a new era in the history of business education, the fourth since the concept of the business school was created in 1819 with the establishment of ESCP Europe. The purpose of this article is to outline these main changes (TASK: T—from tower to Twittersphere, A—from auditorium to anti-café, S—from stakeholder to shareholder, K—from knowledge to know-how) and to discuss how they impact the different AS-SE-TS of a business school (alumni & students, staff & equipment, teachers & scholars). The article ends with a proposed classification of schools along four corners (culture, compass, capital, and content) and a discussion of which types of schools are best suited to adapt to these changes.

### EMERGENCE OF BUSINESS SCHOOLS: AN OVERVIEW

Management contribute a professional touch which has been polished to all affairs of business, irrespective of kind business, which ensures an efficient utilization of available resources which promise a better benefit to all beneficiaries of business. It provides a wider scope to the term management. Management concept considered to be newly evolved which provide an insight of managing others to achieve a predetermined plan. It showcase better advantages to society with employment generation, development, innovation, and thereby result in the upliftment of society (Onzonol, 2010). Management which got its existence with Europe during the arena of Industrial revolution, entrepreneurship development and reforms. Increased significance of management turned it to a separate body of knowledge even it include the dimensions from various other disciplines as sociology, economics, mathematics, law, psychology.

It was during 20th century management molded as a force for education and research (Kozminski, 2010). Prior management was gaining attention from big corporate as education path since it provides a guideline to achieve a better result or considered to be lighting lamp to venture a business. (Kozminski, 2010). The first B School was established by Lyon Chamber Of commerce and Industry, France which was named as EMLYON Business School during 1872. It was at the university of Pennsylvania, the world's first B School where began on 1881 which was named as Wharton School, which was initiated by the famous Industrialist Joseph Wharton. It was on 90's Harvard University came up with Harvard Business School. During 90's itself several other B-Schools where also showed up as Kellogg School Of Management in Chicago (1908), MIT Sloan (1914), Columbia Business School (1916), Stanford Graduate School Of Business (1925) etc (McFarland, 1960). Later on many management Institutions where envisaged in other parts of Europe, Asia to get the core of management education. It was on 1961 Indian Institute Of Management, Ahmadabad established. All of the famous and prominent B Schools where established on the end of 20th century, some among these include institutions like London Business School, National University Of Singapore School Of Business, Yale School Of management. The thrust of management education was evident at the expiry of 20th century which was coined by other factors such as globalization, liberalization, and growth of transnational organization. The traditional way of conducting business gave away its path and it was overtaken by an international perspective where bringing everything labour, commodity, capital at an international phase. It resulted in an enhancement of standard of living and a promissable employment to many. Business gave more emphasize on technology which made them to reap best information and communication exchange. The changes called up for more professionals to cope up with these. It was business schools which made ease to shape individuals as professionals by imparting adequate knowledge, skills, and attitude and enabled them to turn as best leaders and managers who can take the yarn of business (Ogutu, 2014) Pursuing MBA has been turned to carve an individual fit to compete with present business scenario. B-Schools impart the intellect, indifferent from other discipline made the discipline of management education a final word to project a rolemodel in the phase of professionalism, creative learning etc which makes most of the youth to choose management stream as their career. Datar, Garvin & Cullen (2010) suggest some measures to be taken to make the management education a comprehensive one. Primarily management programme should incorporate a global view in all the dimensions to have an insight of management concept beyond the national boundaries. There should be a bunch in the programme to make the individual fit for gaining leadership skills, to develop them with analogical and interpretation skills and to act upon the situations within stipulated time. MBA programme should carve someone to transform something with their own creativity and to boost up the other with adequate communication. It should make an individual proactive to think, analyse and act in all the business affairs. The importance of B-Schools has been well accepted and it has been made even the developing countries with high beaurocracy to establish B-Schools in their nation irrespective of developed countries (Kozminski, 2010)

### **The Development of Survey Instrument for students**

The designing of the survey instrument was followed by Churchill's recommendations for developing reliable and valid measures. Primarily the questionnaire developed with 65 questions. Open ended interviews were conducted with the students of business school to determine the validity of the questionnaire items. After completing the interviews a pilot study was conducted with 50 students from different business schools were asked to evaluate individually and give their comments on the understandability of the questionnaire. Based on the feedback received from the respondents 21 items were deleted from the primary questionnaire. Finally the questionnaire consists of three sections Part A, Part B and Part C. Part A encompass, 6 items related to demographic profile of the respondents. Part B holds 43 items relation to performance management systems in business schools and 1 item relation to the overall student satisfaction with the performance management systems in business school. The 44 items were measured on a 7 point Likert scale ranges from strongly disagree to strongly agree. Part C consists of three open ended questions.

### **Table: Demographic Profile of the Sample Respondent**

Variable		Number of Respondents (%)
Gender	Male	309 (51.5)
	Female	291 (48.5)
Age	26-30 Years	573 (95.5)
	31-35 Years	25 (4.2)
	Above 35 Years	2 (.3)
Marital Status	Married	45 (7.5)
	Unmarried	555 (92.5)
State you belong to	Andhra Pradesh	421 (70.2)
	Other State	179 (29.8)

### Data collection

For the main study data was collected from business schools of costal Andhra Pradesh. A total of 600 useful samples were collected from fifteen business schools from each business school 40 respondents were selected.

### Analysis of the Data

The exploratory factor analysis was done to identify the underlying Key Performance Indicators of performance management systems in the students perspective with a sample  $n_1=600$ .

### Descriptive Statistics

Cronbach's alpha, Mean and standard deviation were calculated as preliminary analysis of data analysis. Cronbach's alpha value shown in the table 5.2 the coefficient alpha of all the items is .939 which indicates that all the items are internally consistent.

### Table

#### Reliability Statistics

Cronbach's Alpha	N of Items
.939	43

The above table shown mean, standard of all the attributes, except three items were having standard deviation  $< 2.0$ . It indicates that all the respondents have comparatively same level of agreement on performance management systems of the business school.

#### Table: Descriptive Statistics

Items	M	SD	Corrected Item-Total Correlation
B-School has good infrastructure	4.95	1.686	.300
B-School course curricula includes, engagement of students in various workshops/surveys/research programs/seminars /conferences	4.89	1.749	.494
B-School has ability to evaluate the market development of next generation management competencies	5.20	1.878	.479
B-School always updates and adopts world class new strategies and best practices	5.18	1.687	.378
B-School believes that unstable, rapidly changing environment provides more opportunities than threats	3.57	2.024	.393

B-Schools in the industry are more innovative than other B-Schools	4.76	1.604	.564
B-School has a library with good collection of Books/business magazines and is most accessible	5.52	1.598	.350
B-School organizes guest lectures and interaction programs with industry experts	4.62	1.908	.545
B-School has modern accommodation with all safety and security measures	4.80	1.680	.621
B-school has higher chance of incoming exchange / foreign students, both of whom help to build a more culturally diverse environment in college	5.13	1.696	.519
B-Schools in the industry has new teaching pedagogy than other B-Schools	4.80	1.822	.446
Live projects and research publications are being encouraged	4.96	1.745	.554
Class activities are well organized and well managed	3.28	2.061	.467
B-Schools are turning to technology to reach students faster	5.09	1.560	.422
B-School encourages field surveys and industrial visits	5.11	1.651	.531
B-school has recreation facilities like sports center, gym with modern equipment	3.40	2.019	.486
Most of the methodology in your B-School is new, based on new ideas and practices	5.17	1.704	.463
B-School takes students to industrial visits	4.35	1.977	.486
B-School have faculty/management committee to deal with the issues of the students	4.69	1.774	.411
Encourages research and development programs for students that caters the global job needs	5.04	1.851	.541
Innovations by B- Schools for global collaborations are going in our B-Schools	4.31	1.975	.485
Computer labs are equipped with latest software and internet facilities	4.90	1.766	.586
B-school has e-class rooms/digital class rooms	4.82	1.643	.486
B-School in the industry has larger learning experiencing than other B-School	4.46	1.872	.577
Course materials are relevant and up to date	4.47	1.606	.535
B-School have regular consulting programs	5.01	1.659	.565
B-School encourages and supports consultation programs from staff and students	4.93	1.879	.521
The course content reflects industry and social needs	4.12	1.862	.494
Seminars and conferences are being conducted in the B-School	4.57	1.901	.584
IT aids /facilities are effectively used in lecture delivery	4.88	1.895	.557
B-School have timely feedback process on faculty performance	4.95	1.734	.559
B-School tries to create and encourage leadership and flexibility	4.75	1.835	.408

B-Schools uses practical way of teaching through case studies/ other way of teaching	4.98	1.694	.460
Easy access with your faculty for the clarification of doubts	5.03	1.756	.481
B-School constrains many physical, organizational financial and resources to develop new teaching technologies	4.45	1.866	.519
Management encourages research at priority	4.67	1.795	.567
Faculties use effective and varied and practical teaching methods	4.25	1.678	.491
Innovation of human resource capacities, knowledge and skills is highly encouraged in ongoing in our B-School	5.26	1.825	.577
B-school has a provision of placement cell/officer who organizes on/off campus recruitment	5.10	1.778	.518
B-School tries to create small self-managed team, autonomous units to encourage and flexibility	4.50	1.817	.531
Courses conducted in B-School are meeting industrial requirements	4.19	1.701	.530
B-school has entrepreneurship cell	4.43	1.976	.524
B-School places strong emphasis on leadership and innovation	4.61	1.976	.435

### Sample Adequacy

The Kaiser-Meyer-Olkin (KMO) is used to check the sample adequacy which indicates the proportion of variance in variables that might be caused by underlying factors. The value of KMO must exceed 0.50 and value more than 0.80 is meritorious for both the overall fit and each individual variable (Hair et al., 2015). KMO value for the sample is .923.

**Table: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.923
Bartlett's Test of Sphericity	Approx. Chi-Square	6141.186
	Df	406
	Sig	.000

### Measures of Inter-Correlation

Other statistical prerequisite to continue run exploratory factor analysis is Bartlett test of Sphericity. Bartlett's test of Sphericity tests the hypothesis that correlation matrix as an identity matrix; a significant result (sig < 0.05) indicates matrix is not an identity matrix i.e., to run a meaningful EFA, each variable has to be relate to one another. The value is significant at 0.01, Chi-square = 6141.186 (p=0.000).

**Table: Communalities**

Items	Initial	Extraction
B-School course curricula includes, engagement of students in various workshops/surveys/research programs/seminars /conferences	1.000	.523
B-School has ability to evaluate the market development of next generation management competencies	1.000	.606
B-School always updates and adopts world class new strategies and best practices	1.000	.469
B-Schools in the industry are more innovative than other B-Schools	1.000	.473
B-School has a library with good collection of Books/business	1.000	.433

magazines and is most accessible		
B-school has higher chance of incoming exchange / foreign students, both of whom help to build a more culturally diverse environment in college	1.000	.613
Live projects and research publications are being encouraged	1.000	.519
B-School encourages field surveys and industrial visits	1.000	.526
Most of the methodology in your B-School is new, based on new ideas and practices	1.000	.541
Innovations by B- Schools for global collaborations are going in our B-Schools	1.000	.661
Computer labs are equipped with latest software and internet facilities	1.000	.598
B-School in the industry has larger learning experiencing than other B-School	1.000	.458
Course materials are relevant and up to date	1.000	.478
B-School have regular consulting programs	1.000	.578
B-School encourages and supports consultation programs from staff and students	1.000	.569
The course content reflects industry and social needs	1.000	.586
Seminars and conferences are being conducted in the B-School	1.000	.559
B-School have timely feedback process on faculty performance	1.000	.515
B-School tries to create and encourage leadership and flexibility	1.000	.520
B-Schools uses practical way of teaching through case studies/ other way of teaching	1.000	.443
Easy access with your faculty for the clarification of doubts	1.000	.529
B-School constrains many physical, organizational financial and resources to develop new teaching technologies	1.000	.587
Management encourages research at priority	1.000	.602
Faculties use effective and varied and practical teaching methods	1.000	.562
B-school has a provision of placement cell/officer who organizes on/off campus recruitment	1.000	.685
B-School tries to create small self-managed team, autonomous units to encourage and flexibility	1.000	.549
Courses conducted in B-School are meeting industrial requirements	1.000	.534
B-school has entrepreneurship cell	1.000	.696
B-School places strong emphasis on leadership and innovation	1.000	.601

Extraction Method: Principal Component Analysis.

### Multiple Regression Analysis

The multiple regression analysis was used to assess how well the six factors resulting student satisfaction and is used to determine the effect of individual factor on the satisfaction level of the student. The regression analysis was carried out by considering six extracted factors as independent variables and the overall satisfaction as dependent variable. The summated scales were calculated by averaging all values of scale items with in respective factor (Hair et al., 2015).

A multiple regression analysis was consequently conducted to test the hypothesis from H<sub>1</sub> to H<sub>6</sub>. Table 5.21 shows the summary of regression analysis. It can be observed that the coefficient of determination “R” is found to be enough. The adjusted R<sup>2</sup> was 0.560, The Durbin-Watson value 1.755 nearly equal to 2 indicates that the independent variables can decide the level of overall student satisfaction.

**Table: Model Summary: Effect of six Factors on Overall satisfaction**

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.748 <sup>a</sup>	.560	.556	.782	1.755
a. Predictors: (Constant), CATERING_CORPORATE_NEEDS, INNOVATIVENESS, INFRASTRUCTURE, COMMUNICATION, CURRICULAR_ASPECTS, RESEARCH					
b. Dependent Variable: SATISFACTION					

The table shows the model is statistically significant at 1% level of significance thus validates the whole model.

**Table: ANOVA: Effect of five Factors on Overall satisfaction**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	461.674	6	76.946	125.873	.000 <sup>b</sup>
	Residual	362.498	593	.611		
	Total	824.172	599			
a. Dependent Variable: SATISFACTION						
b. Predictors: (Constant), CATERING_CORPORATE_NEEDS, INNOVATIVENESS, INFRASTRUCTURE, COMMUNICATION, CURRICULAR_ASPECTS, RESEARCH						

## RESULTS OF HYPOTHESIS TESTING

The proposed hypotheses H<sub>1</sub> to H<sub>6</sub> were tested using regression analysis. The hypotheses are listed below.

### **Hypothesis 1: Innovativeness has a significant effect on overall satisfaction.**

The results show that Innovativeness has a significant effect on overall satisfaction with a positive standardized coefficient of 0.379, hence the hypothesis is accepted.

### **Hypothesis 2: Research has a significant effect on overall satisfaction.**

The results indicate that Research has significant effect on overall satisfaction with a positive standardized coefficient 0.146, therefore the hypothesis is accepted.

### **Hypothesis 3: Curricular Aspects have a significant effect on overall satisfaction.**

The results specify that Curricular Aspects is not significantly influencing overall satisfaction, therefore the hypothesis is rejected.

### **Hypothesis 4: Infrastructure and Learning Resources has a significant effect on overall satisfaction.**

The results indicate that Infrastructure and Learning Resources has significant effect on overall satisfaction with a positive standardized coefficient 0.244, therefore the hypothesis is accepted.

### **Hypothesis 5: Communication has a significant effect on overall satisfaction.**

The results indicate that Communication has a significant effect on overall satisfaction with a positive standardized coefficient of 0.131 as a result the hypothesis is supported.

### **Hypothesis 6: Catering the Corporate needs have a significant effect on overall satisfaction.**

The result specifies that catering the corporate needs is not significantly influencing the overall satisfaction, therefore the hypothesis is rejected.

The results of hypothesis is shown in the below table.

**Table: Results of Hypothesis Testing**

Hypothesis	Standardized Coefficient	P Value	Testing of Hypothesis
H <sub>1</sub> : Innovativeness has a significant effect on	.379	.000	Accepted

overall satisfaction			
H <sub>2</sub> : Research has a significant effect on overall satisfaction	.146	.000	Accepted
H <sub>3</sub> : Curricular Aspects have a significant effect on overall satisfaction	.018	.632	Rejected
H <sub>4</sub> : Infrastructure and Learning Resources has a significant effect on overall satisfaction	.244	.000	Accepted
H <sub>5</sub> : Communication has a significant effect on overall satisfaction	.131	.000	Accepted
H <sub>6</sub> : Catering the Corporate needs have a significant effect on overall satisfaction	.043	.235	Rejected

## SUGGESTIONS

- An enormously organized system Performance Management system has to be maintained to monitor the academic activities like syllabus progression that caters the corporate need and regular evaluation on student's skills and proficiencies.
- The B-Schools have to give higher priority to practical and research exposure instead of running at the back of the course content( Is limited to the B-Schools in Andhra Pradesh).
- The Scope for the growth and research has to be focused and should be given at most priority for exploratory study and projects
- The B-Schools Management has to prioritize communication of the management strategies to their faculty so that they work with vivid understanding and clarity on the policies and strategies of Management.
- There is a need to encourage E-learning system through digital libraries and e-contents in order to meet the global standards in the present scenario.
- It is suggested that B-schools should boost up their PMS by well-timed monitoring
- It is recommended to conduct an academic viva-voce at the end of every semester and skill enhancement activities has to be promoted,
- It is suggested to strengthen the entrepreneurship and placement cells in every B-School.
- There is a need to create awareness on freely available e-resources to both teaching staff and students so as to maximize the utilization of these resources at the Management level education.
- We are on par with global standards in some aspects and still none of the B-Schools are not in the top 200 B-School rankings in the world, due to lack of faculty and students from foreign countries as it is one of the parameter in the world rankings. By keeping this point in view, it is suggested that B-Schools and government has to frame necessary policies and formulate new strategies that helps in attracting the pool of foreign students and faculty members.

## CONCLUSION

After a meticulous study and exploration, the study divulges from the exploratory factor analysis resulted with six factors of performance management systems, being identified as KPIs in the student perspective .While out which it is confirmed that the Innovativeness is the most essential factor to contributing to the overall student's satisfaction, followed by infrastructure and learning resources, research and communication and it is found that four factors have significant effect on overall student satisfaction except curricular aspects and catering the corporate needs. However, in the process of identifying the key performance indicators in the perspective of Faculty working in B-Schools. The exploratory factor analysis resulted with seven factors of performance management systems. it is confirmed that the Innovativeness is the most essential factor to contributing to the overall faculty satisfaction, followed by Communication, Job Security and Environment, Research, Compensation and Rewards, Infrastructure and learning resources. Except Management Strategy all the factors are contributing to faculty overall satisfaction. From the quantitative and qualitative studies the following suggestions were made to improve the quality of PMS in Educational Institutions

