

“Putting Future into Focus”

A Balanced Score Card Approach for Institutes of Higher Education

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‘Budget 2011: Education on a high allocation boost. India plans to raise its expenditure in the education sector by about a quarter to Rs 520.6 billion (USD 11.50 billion) in the next financial year’, published on Mon, Feb 28, 2011 at 17:35, Source: Reuters.

In its size and diversity, India has the third largest higher education system in the world, next only to China and the United States. India's \$86 billion education sector is increasingly joined by private players in its rapid expansion. Moreover, the Cabinet has cleared the bill that will enable foreign universities setup campuses in India. This clears the entry barriers for established and prestigious global institutes and universities, waiting to enter the Indian markets. Ironically, this has also sounded alarm bells for our already existing players, who have almost always compromised on ‘quality’, as the demand for education in India has been always more than the supply.

Quality and Accountability in Higher education

Quality in higher education is a complex, multifaceted concept and a single appropriate definition of quality is lacking. As a consequence, consensus concerning “the best way to define and measure service quality” does not as yet exist. Every stakeholder in higher education (e.g., students, government, professional bodies) has a particular view of quality which depends on their specific needs. Accountability in higher education has become a challenging issue. Institutes are periodically required to provide performance indicators - empirical evidence of their value - to central /state education departments, alumni, prospective students, and other external stakeholders, accreditation agencies, ranking agencies etc. Because, important stakes such as, funding, encouraging high-quality student applicants, and attracting faculty; dependent upon how they “measure up and improve,” universities and educational institutes are concerned with how best to present themselves. Hence there is a constant attempt to improve accountability

while improving institutional effectiveness through various performance measures. Organizations use many strategies to make such process improvements and balance score card approach is one such comprehensive framework.

The Balanced Scorecard (BSC)

Robert S Kaplan and David P Norton (1992) first introduced the concept of balance scorecard in their Harvard Business Review article “The Balance Scorecard – Measures that Drive Performance”. Focusing on the fact that managers needed a balanced presentation of both financial and operational measures they propounded four perspectives as the drivers of future financial performance:

- (1) *Customer perspective* – how do customers see us?
- (2) *Internal perspective* – what must we excel at?
- (3) *Innovation and learning perspective* – can we continue to improve and create value?
- (4) *Financial perspective* – how do we look to stakeholders?

As Kaplan and Norton explain “Aligning objectives in these perspectives is the key to value creation, and, hence, to a focused and internal consistent strategy”

Applying Balanced Score Card - Institutes of Higher Education

O’Neil and Bensimon (1999) indicated the following favorable results from the “academic” scorecard implementation:

- Easier approach for the educational institute to accomplish its strategic goals.
- A systematic and consistent way for the trustees/ top management to evaluate performance reports from various institutes and departments.
- The scorecard established common measures across academic units that have shared characteristics.
- The simplicity of the scorecard makes it easier for academic units to show how budget allocations are linked to the metrics of excellence through process improvements.

Linking Strategic Decisions to the Balanced Scorecard Model

Strategic directions can be developed and measured within the generic structure of the balanced scorecard. Even though the number of measures in each perspective varies, it is important that each measure aligns with the organization's strategy. Illustrating this with an example,

Strategic theme - Curriculum/ program excellence and innovation

Goal – Curriculum excellence and innovation

Measurements -

- No. of new courses developed
- Degree of innovation
- Degree to which curriculum is up-to-date with educational, business, and commercial trends
- Program internationalization
- Periodic review of each program on a rolling schedule

Strategic theme - Research and Publications

Goal – Quality research contributions

Measurements –

- No. of faculty publications/ citations in ISI Journals /Journals with high impact factor
- No. of faculty publications/ citations in other International research journals
- No. of faculty publications/ citations in national research journals
- No. of faculty members' presentations and speaks in International conferences
- No. of faculty members' presentations and speaks in national conferences

The examples discussed above are just indicators and such objectives and measures can be devised for all the financial and operational measures viz; customer perspective, internal perspective (including the faculty and staff), innovation and learning perspective, and financial perspectives.

Conclusion

Translating the balanced scorecard to the complex world of academia is a challenge. Skepticism exists regarding the ‘adequacy’ of performance being measured only in quantitative terms. Therefore, a word of caution would be necessary here, students possess various levels of scholastic aptitude, both unique gifts and individual learning styles, which must be taken into consideration. There is a plethora of literature that gives us insights on ‘going beyond BSC’; however BSC could be considered as a base for process improvements before going beyond it.

Being proactive, defining and using excellence measures is likely to be more satisfying and productive than waiting until accountability and performance measures are defined and imposed by others – more often than not, by groups and experts who have a restricted view of ‘what constitutes excellence in academic institutes’. Therefore, it would be wise, for administrators, practitioners and educational leaders of higher education institutes to take lead and define excellence for themselves.

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