



## BASIC CONCEPTS OF BENCHMARKING IN HIGHER EDUCATION:-A REVIEW

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### INTRODUCTION

A standard, reference point or a basis against which the nature of something can be measured, judged, and assessed and against which results of a predefined action can be measured. The term, benchmark, implies a measure of best practice execution. The existence of a benchmark is one necessary step in the overall process of benchmarking.<sup>[1]</sup>

Benchmarking is a method of improving performance in a systematic and logical way by measuring and comparing your performance against others and then using lessons learned from the best to make targeted improvements. It involves answering the questions:

“Who performs better?”

“Why are they better?”

“What actions do we need to take in order to improve our performance?”

Whilst benchmarking has been used occasionally in the construction industry for many years, the recent surge of interest has been encouraged by the publication of sets of national Key Performance Indicators that allow companies to measure their performance simply and to set targets based on national performance data.

### History of Benchmarking

1. The USA was the first country to introduce benchmarking activities into higher education in the early 1990s.

2. In the United Kingdom, benchmarking, as a quality assurance tool in higher education, came to the forefront only after the 1997 Dearing Committee Report.

The RMCS (Royal Military College of Science) Programme at Cranfield University (example of Benchmarking in libraries); The Higher Education Funding Council for Higher Education (HEFCE). Value for Money Studies (VfM), launched in 1993.<sup>[2]</sup>

“The Commonwealth University International Benchmarking Club”, launched in 1996, by CHEMS (Commonwealth Higher Education Management Service), as an example of international benchmarking.<sup>[3]</sup>

3. In Europe, benchmarking in higher education is not common, but a series of initiatives has been developed: The Copenhagen Business School (CBS) benchmarking analysis of twelve higher education institutions, 1995.

The German Benchmarking Club of Technical Universities (BMC), 1996; The Association of European Universities (CRE) “Institutional Quality Management Review” based on peer reviews and mutual visits among universities participating voluntarily in a cycle, each time focusing on a specific issue, is an example of implicit benchmarking.<sup>[4]</sup>

### Benchmarking Ideas for Oman<sup>[5]</sup>

#### Government Requirements

- The new standards, used by the OAC for accreditation, will expect to see that HEPs are benchmarking regularly. The Ministry of higher education is establishing KPI which can provide national comparative data in a number of areas. A Key Performance Indicator (KPI) is the measure of performance of an activity that is critical to the success of an organization.

#### AUQA Good Practice Database

- An online database of best practices in higher education and higher education management.
- The good practices are identified during external quality audits and institutional accreditation processes.
- Three countries belong: Australia, New Zealand, India.
- Oman may join before end of 2006.

#### Definition

“Benchmarking is the process of identifying, understanding, and adapting outstanding practices from organizations anywhere in the world to help your organization improve its performance.”<sup>[6]</sup>

**“Benchmarking” has different meanings.**

- Comparative/Scorecard: How do we measure up?  
“A standard or reference by which others can be measured or judged”<sup>[7]</sup>
- Process/Best Practices: Benchmarking for Improvement  
“Benchmarking means finding out who is the best in an area, studying how they work and adopting the best practices that are suitable to your own organization.”<sup>[8]</sup>
- Two approaches can/should complement one

**Benchmarking is also defined as**

- a diagnostic instrument (an aid to judgments on quality);
- a self improvement tool (a quality management/assurance tool) allowing organizations (or programmes) to compare themselves with others regarding some aspects of performance, with a view to finding way to improve current Performance;
- an open and collaborative evaluation of services and processes with the aim of learning from good practices;
- a method of teaching an institution how to improve;
- an ongoing, systematically oriented process of continuously measuring the work processes of one organization and comparing them with those of others by bringing an external focus to internal activities.<sup>[9]</sup>

**Benchmarking Relationships<sup>[10]</sup>**

Select an appropriate model. They include:

1. One-to-One Model
2. One-to-Many Model
3. Facilitated One-to-Many Model
4. Network Model (Many-to-Many)
5. Facilitated Network Model

**Why: Significance of benchmarking**

What reputation does your institution have in the higher education sector? How do you differentiate from the competition? How can you learn from those institutions you cooperate or compete with? Find out how to launch effective collaborative benchmarking projects with other universities to make more informed strategic decisions and improve your institutional performance in the field of international higher education.

Effective decision-making is evidence-based. Benchmarking enables the structured sharing of ideas and good practices on institutional strengths and weaknesses. Information on institutional current performance and the quality of the internationalization process is turned into new opportunities for strategic institutional developments. Benchmarking helps reach out in a more efficient way to a variety of internal and external stakeholders, making better decisions for institutional developments. It helps raise awareness, visibility, institutional profile, and reputation and gain a strong competitive advantage.

**The difference between Benchmark Indicators & Key Performance Indicators**

Benchmarks are one way to readily identify areas where you need to improve. Benchmarking is an organizational tool to drive continuous improvements using best practices. This can translate into increased efficiency and create competitive advantages. In developing a benchmarking program, managers review strategic goals, collect data related to best practices and use data analysis to develop performance metrics and plan improvements. This process serves as the basis for effective employee goal-setting. Another use of the term benchmark is to indicate a baseline or starting point. In this use, we'd gather information to determine where we are right now and then set further goals building on that baseline or benchmark.

Key performance indicators can help us in planning, and they're useful for evaluating employees.

Key performance indicators are specific measurements used to evaluate performance. They're a way to precisely gauge performance.

**Benchmarking attempts to answer the following questions<sup>[12]</sup>**

- \*How well are we doing compared to others?
- \*How good do we want to be?
- \*Who is doing it the best?
- \*How do they do it?
- \*How can we adapt what they do to our institution?
- \*How can we be better than the best? (Kempner 1993)

**Seven Steps in the Benchmarking Process**

1. Determine which functional areas within your operation are to be benchmarked -- those that will benefit most from the benchmarking process, based upon the cost, importance and potential of changes following the study.
2. Identify the key factors and variables with which to measure those functions -- usually in the general form of financial resources and product strategy.
3. Select the best-in-class companies for each area to be benchmarked -- those companies that perform each function at the lowest cost, with the highest degree of customer satisfaction, etc. Best-in-class companies can be your direct competitors (foreign or domestic), or even companies from a different industry.
4. Measure the performance of the best-in-class companies for each benchmark being considered -- from sources such as the SEC, companies themselves, articles in the press or trade journals, analysts in the market, credit reports, clients and vendors, trade associations, the government or from interviews with other organizations willing to share their prior research or "swap" it with you.

5. Measure your own performance for each variable and begin comparing the results in an "apples-to-apples" format to determine the gap between your firm and the best-in-class examples. Always feel free to estimate results, as exact measures are usually disproportionately difficult to obtain and often do not significantly add value to the study.

6. Specify those programs and actions to meet and surpass the competition based on a plan developed to enhance those areas that show potential for compliment. The firm can choose from a few different approaches -- from simply trying harder, to emulating the best-in-class, changing the rules of the industry or leapfrogging the competition with innovation or technology from outside the industry.

7. Implement these programs by setting specific improvement targets and deadlines and by developing a monitoring process to review and update the analysis over time. This will also form the basis for monitoring, revision and recalibration of measurements in future benchmarking studies.

Since most of the measures in a benchmarking process fall into one of two categories, financial resources and product strategy, this understanding can often be used to simplify the framework of analysis.<sup>[19]</sup>

### **Types of Benchmarking**

Benchmarking implies specific steps and structured procedures. Depending on what is being compared or the type of information an institution is gathering, there are different types of benchmarking: strategic benchmarking (focusing on what is done, on the strategies organizations use to compete); operational benchmarking (focusing on how things are done, on how well other organizations perform and on how they achieve performance), or data based benchmarking (statistical bench marking that examines the comparison of data based scores and conventional performance indicators). There is also internal/external and external collaborative/Trans industry/implicit benchmarking. Within different types, benchmarking may be either vertical (aiming at quantifying the costs, workloads and learning productivity of a predefined programme area) or horizontal (looking at the costs of outcomes of a single process that cuts across more than one programme area).

### **Internal Benchmarking**

Benchmarking (comparisons of) performances of similar programmes in different components of one higher education institution. Internal benchmarking is usually conducted at large decentralized institutions with several departments (or units) conducting similar programmes.

### **(External) Competitive**

**Benchmarking:** Benchmarking (comparisons of) performance in key areas, on specific Measurable terms,

based upon information from institution(s) that are viewed as competitors.

**Functional (External Collaborative) Benchmarking:** Benchmarking that involves comparisons of processes, practices, and performances with similar institutions of a larger group of institutions in the same field that are not immediate competitors.

### **Trans Institutional Benchmarking**

Benchmarking that looks across multiple institutions in search of new and Innovative practices.

### **Implicit Benchmarking**

A quasi benchmarking that Looks at the production and publication of data and of Performance indicators that could be useful for meaningful cross institutional comparative analysis. It is not based on the voluntary and proactive participation of institutions (as in the cases of other types), but as the result of the pressure of markets, central funding and/or coordinating agencies. Many of the current benchmarking activities taking place in Europe are of this nature.

### **Generic Benchmarking**

A comparison of institutions in terms of a basic practice process or service (e.g. communication lines, participation rate and dropout rate). It compares the basic level of an activity with a process in other institutions that has similar activity.

### **Process-Based Benchmarking**

Goes beyond the comparison of data based scores and conventional performance indicators (statistical benchmarking) and looks at the processes by which results are achieved. It examines activities made up of tasks, steps which cross the boundaries between the conventional functions found in all institutions. It goes beyond the comparison of data and looks at the processes by which the results are achieved.<sup>[13]</sup>

### **Benchmarking methodologies<sup>[14]</sup>**

Separate from these types of benchmarking are the methodologies that institutions can adopt, and five main approaches are evident within the following:

1. Ideal type standards (or 'gold' standards) whereby an model is created based on idealized best practice, and then used as the basis to assess institutions on the extent to which they fit that model. No single organization is likely to score highly against all the dimensions of the model, and the Malcolm Bald ridge Awards (see Chapter 3) is a good example of this type of approach.

2. Activity based benchmarking is a methodology in which a selected number of activities, which are either typical or representative of the range of institutional provision, are analyzed and compared with similar activities in other selected institutions. Such activities may be considered solely in their own terms, or may act

as a proxy for overall institutional performance. The CHEMS Commonwealth Benchmarking Club described below is an international example of such an approach.

3. Vertical benchmarking seeks to quantify the costs, workloads, productivity and performance of a defined functional area, for example the work of a student admissions department. As this approach is generally based upon existing organizational structures, data collection is often more straightforward than with some other methods. Such initiatives may be limited to the investigation of a single area or may be multi-dimensional, although if extensive may come close to activity based benchmarking.

4. Horizontal benchmarking on the other hand seeks to analyse the cost, workloads, productivity and performance of a single process that cuts across one or more functional areas, for example all aspects of student admissions irrespective of their location within an institution. As such the results provide a comprehensive review of institutional practice in any particular area, but data collection and interpretation may be highly problematic. Both horizontal and vertical benchmarks are useful diagnostic tools in identifying and prioritizing opportunities to improve an administrative process or function.

5. Use by institutions of comparative performance indicators is, as noted above, a highly questionable form of benchmarking, but a number of initiatives are reported below that are extremely important in influencing judgments being made about comparative performance within universities. Of these the most notable are the privately collected and published league tables of university performance (Mnclelln's, etc), but finance officers in Hong Kong and facilities managers in Australiri are reported to be collecting and sharing output data for the purpose of assessing comparative performance and many are using the term benchmarking to describe the activity.<sup>[14]</sup>

**Basic Benchmarking Methodology**

<b>1. PLAN</b>	<ul style="list-style-type: none"> <li>• Decide what to Benchmark;</li> <li>• Identify who to Benchmark</li> <li>• Examine own processes</li> </ul>
<b>2. ANALYSE</b>	<ul style="list-style-type: none"> <li>• Data collection</li> <li>• Gap Analysis</li> </ul>
<b>3. ACT</b>	<ul style="list-style-type: none"> <li>• Action Plan</li> <li>• Implementation and Measure</li> </ul>

**Plan**

**1. What to benchmark**

- Identify critical processes
- Collect internal data for comparison – how measure performance; Understand strengths and weaknesses of current process

**2. Who to benchmark**

- Internal Units - comparison within an institution
- Other Colleges and Universities – comparison across institutions
- Functional Comparisons - across diverse settings - higher education, corporate, industry, etc.
- Best in Class–compare with exceptional performers
- Phase 2: Plan & Design

**Analyze**

**3. Collect data**

- Collect comparative data – qualitative/quantitative
- Calls, surveys, site visits, interviews, review of websites
- Systematic collection

**4. Analyze data**

- Gap between performance - Are others better? Why are they better ?
- New strategies/practices for adoption -What practices could we adapt and adopt?

**Act**

**5. Implement improvements**

- Action plan for change
- Implement changes
- Measure results for effectiveness

**Benchmarking is...**

- Intentional
- Deliberate
- Planned
- Action-oriented
- Results in change - adapt and adopt for improvement
- Ongoing and continuous

**Benchmarking Tips**

- Commit adequate time and resources to plan and execute
- Involve the right people
- Select good benchmarking partners
- Don't limit to organizations that you consider to be superior or those that appear to be most similar.
- Collect relevant data
- Keep an open mind.<sup>[15]</sup>

**Table: Types of Benchmarking and Types of Methodologies.**

Types of benchmarking	Types of Methodologies
1. Internal	a. Activity based benchmarking
2. External competitive	b. Vertical benchmarking
3. External collaborative	c. Horizontal benchmarking
4. External Trans-industry(best in class)	d. Use by institutions of comparative performance indicators and data publication
5. Implicit benchmarking	

### Applications of Benchmarking to use as A management tool

Benchmarking strengthens an institution's ability to successfully:

- Self-assess their institution
- Better understand the processes which support strategy formulation and implementation in increasingly competitive environments
- Measure and compare to the competition, i.e. how well are other higher education institutions in the sector performing, which higher education institutions are doing better and why
- Discover new ideas, looking out strategically; Learn from others how to improve
- Obtain data to support decision-making with new strategic developments
- Set targets for improvement of processes and approaches in order to increase performance
- Strengthen institutional identity, strategy formulation and implementation
- Enhance reputation and better position your Institution
- Respond to national performance indicators and benchmarks
- Set new standards for the sector in the context of higher education reforms.<sup>[16]</sup>

Benchmarking is the process of studying industry or competitive practices, functions and products and finding ways to meet or improve upon them. Companies from all different industries use benchmarking to gauge their successes and pinpoint their shortcomings. The general process of benchmarking involves identifying problem areas, selecting top competitors who excel where a company falls short and making the necessary changes. There are several key advantages to using benchmarking in an organization.

### CONCLUSION

For benchmarking to be a key strategy for institutional organisational change, it needs to be endorsed and supported by senior executive leadership. For benchmarking activities to be genuinely fruitful, there must be a base up strengthening where there is sharing of ability. Cooperation and receptiveness are key elements for powerful benchmarking works out. Benchmarking turns into a common discussion and a type of companion advancement and in addition a component to drive institutional change and quality improvement.<sup>[17]</sup>

### Key Points

- There is nothing in our working environment that can't be benchmarked.

• We would benchmark be able to plans and targets; methods for getting things done; aftereffects of our procedures; techniques for checking on what we do; and change methodologies (i.e. ADRI).

• This does not imply that 'Innovations' can't even now be made, or that benchmarking is the main instrument for enhancing things.

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