

# Engaging Faculty and Students: A Premise for Excellence in Business Education at Romanian Business School

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**Abstract** This chapter focuses on explaining the importance of the faculty-student encounter in a business school, with a new paradigm of quality management that combines the classical view of human resources management with modern relationship marketing. Utilizing the Human Sigma model, which is a modern relationship management instrument for measuring and aligning the interest of both customers and service providers, we measured the student-faculty encounter at a small Romanian Business School (RBS) in order to enhance the quality of the education. We begin by discussing the importance of quality in education, then we outline the patterns of engagement, and finally, we present our research findings at the RBS.

## 1 Introduction

The purpose of this chapter is to present and test the Human Sigma model, developed by the Gallup Corporation and utilized by the global service industry, as an appropriate instrument to improve the faculty-student encounter in business education and the overall quality of educational initiatives. The discussion regarding the quality and the cost of education is a hot-topic worldwide, as nations are facing ever-decreasing educational budgets along with ever-decreasing quality

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of graduates. A major concern for many institutions of higher education is the risk of producing unemployed and unemployable individuals; therefore, new and creative solutions are sought after, to both decrease the cost of education and increase its overall quality and satisfaction. Traditionally, education was important for societies in two significant venues: it was a major determinant of the overall macro-development of society and it determined the individual development, career opportunities, and most often his/her own salary.

According to the World Economic Forum and Harvard CID (2002), the quality of a national education system is an excellent indicator of that national development status and perspectives, especially regarding its capacity to innovate, overcome barriers, develop new products or services, establish global organizations, and become competitive in the international environment. One of the main products of higher education is innovation (Sawyer 2006), given the research component of their activity. As Institutions of Higher Education (IHE) have become more efficient and effective, their research has become an important ingredient in the advancement of knowledge and the development of the entire business sectors. Stanford University has famously contributed to the creation of the “Silicon Valley” in the US while Oxford and Cambridge Universities have sprung up a series of start-up companies around themselves in the UK. Many potential solutions to challenges and crises can further be tested in IHE through various social laboratories, social experiments, round-table discussions, and forums.

The second benefit of a quality education system is the creation of an “innovative class”, the modern day elites, individuals who possess the aptitudes and the attitudes necessary to overcome various global crises (Datar et al. 2010). The quality, or lack thereof, in a nation’s education system is further an indicator as to that nation’s ability to either attract or repel new additional talents. If this education system is perceived to be vastly superior at the global level, students from other nations will temporarily migrate toward that nation. Inversely, if a nation’s system is perceived to be of a lesser quality, that nation’s own students may be tempted to leave the country and sometimes never return. Finally, a nation’s education system is also a contributor to the overall quality of individual life and level of satisfaction that can be measured through degree-based accomplishments and career development of individuals (Mruk 2006).

## 2 The Specifics of Educational Services

Educational services, however, do differ from other service industries such as hospitality, banking, or software development and those differences along with their particular context must be properly understood. There are at least four distinct differences that we will briefly outline in this section.

*First*, since educational services entail knowledge and innovation, not just information, the process of education tends to be slightly different from other

services. Information, the main ingredient of other service industries, can be encapsulated in a book, a website, a video, or a policy manual that can be detached and impersonal. In contrast, knowledge, wisdom, or discernment are always embodied in a person and can not easily be detached from the service provider. Given the personal and subjective nature of the service provider, IHE must manage the process quite differently and focus simultaneously to the service provider (professor) and the customer (student). According to Drucker (2005), this poses new challenges and opportunities not only to the traditional IHE, but also to traditional commercial firms who now must concern themselves with continuous education and life-long learning.

The *second* distinction is the high level of government involvement, regulation, and funding that exist in the educational sector. To begin with, most nations oscillate between making higher education a free right to their citizens or a privilege for those who can privately afford to pay for it. Further, the levels of reactive and/or proactive accreditations varies, raging from innovative systems in nations such as Singapore and Israel all the way to reactive and sometimes obsolete regulations in parts of Eastern Europe and South America (McLendon et al. 2006).

*Third*, given their non-profit nature, IHE are not subject to free-market competition in the short run; therefore, they tend to view themselves as insulated from global competition and operating in a near-monopoly situation, having a captive market. This tends to alleviate their sense of urgency and often may lead to down-right dismissal of any and all negative feedback coming either from their customers or society at large (Fife 2003). Considering the inherent and traditional position of IHE as repository or knowledge and guardians of civilization, the necessity of improvement or even of evaluation may be difficult to accept and internalize.

*Fourth*, there is an increase pressure on IHE to move away from their traditional and non-quantifiable role of promulgating knowledge, civilization, and national culture, toward a pragmatic and measurable provision of educational services (Scott 2006). Furthermore, there are a number of voices that advocate a “de-nationalization” of universities and a uniformity of the educational act able to service the global community of student and knowledge workers.

Nevertheless, given these constrains, pressures, and distinctions, IHE must increase their overall quality and global competitiveness (Rath and Harter 2010). As previously outlined, any improvement in a nation’s university system will, in the long run, yield significant improvement in the quality of the economy and the lives of citizens; therefore, quality improvement seems to be making its way to the top of the university administrators’ agenda (McNay 2006). Any and all improvements in the quality of the educational act have far-reaching implications as the beneficiaries are globally located and readily interconnected through modern communication technology.

Considering the importance and the far-reaching consequences of quality in IHE, there have been significant attempts to improve it and raise the overall level of satisfaction and productivity. Previously, there have been attempts to transplant

management, marketing, and quality assurance programs from the manufacturing sector into the educational sector, but they failed to provide significant improvement in the overall quality (Fleming and Asplund 2007; Bandyopadhyay and Lichtman 2007). These manufacturing systems were not equipped to take into account human relations and the irrationality and unpredictability of human behavior and interaction.

The Human Sigma model, developed by the Gallup organization, is the result of transdisciplinary research that combines objective quality measurements with relationship and human resource management. The results go beyond the measurement of “satisfaction” and into the level of “engagement” and passionate advocacy. This model proposes a fundamental paradigm shift away from an institutional-centered or student-centered approach toward a 360° evaluation of efficient relationships management (Pompper 2006; Gummesson 2008).

### 3 Organizational Engagement

The Enterprise Engagement Alliance is an outlet for the academic and practicing study of engagement management, which is a transdisciplinary study that aims at accomplishing long-term financial goals through the strategic alignment of the interest of all stakeholders and their interactions. Engaged organizations have the commitment to objective standards of behavior that are transparently and timely communicated throughout the whole organization and then measured with adequate feedback provided to all. Engagement manifests a high regard toward building trust-based relationships, developed mainly through standardization and process fairness (Fleming and Asplund 2007). Organizational trust is predicated upon three distinct elements: operational competence, benevolence, and problem-solving orientation (Sirdeshmukh et al. 2002). The desired outcome of engagement efforts is the stakeholder satisfaction that can then lead to long-term organizational loyalty. According to Olsen (2002), “satisfaction is a predisposition to unconsciously choose after comparing alternatives”. A satisfied customer becomes loyal to the organization that services him, increasing that organization’s long-term gain.

Fleming and Asplund (2007) moved beyond the traditional satisfaction and loyalty and onto engagement, which they define as “passionate advocacy by both employees and customers”. Their main contribution was to study the satisfaction of both employees and customers simultaneously, departing from the traditional view that an organization had to choose between satisfying either its customers or its employees. In engagement programs, the short-term feelings of both employees and customers are measured, underpinned by the belief that their satisfaction will lead to long-term retention. Among the companies that have adopted such a perspective on managing their business are Astra Zeneca, McDonald’s, and Southwest Airlines. There are four dimensions for employee engagement and four dimensions for customer engagement that are measured and managed under engagement programs. They are as follows:

**Employee engagement**

No.	Dimension	Description
1.	What do I get?	Perception of the level by which the company supports the employee regarding the technical needs s/he has in order to efficiently fulfill the job
2.	What do I give?	Perception of the measure of her/his value to the company as well as the importance of the job he or she does
3.	How much do I belong?	Perception of the level of her/his integration in the company's workforce environment
4.	How do we develop?	Perception of the number of personal development opportunities understanding whether the job he is doing is part of a greater process that aims first at his own professional development

*Source* Fleming and Asplund 2007

**Customer engagement**

No.	Dimension	Description
1.	Trust	how the client perceives the company in terms of keeping its promises every time, by offering a standardized and predictable service
2.	Integrity	The level by which the customer perceives the organization's standards
3.	Pride	The measure of respect perceived by the customer
4.	Passion	the supreme manifestation of feelings that a customer can have toward a company

*Source* Fleming and Asplund 2007

Our contribution to the current quality in higher education debate has been to apply the principles of engaged organization in general and the Human Sigma evaluation system in particular to IHE and the process of knowledge generation. Our belief is that just like their private sector counterparts, universities can benefit from being more engaged with their stakeholders, an engagement that will, in the long run, yield a higher quality of individuals and societies.

## **4 Case Study: Improving Excellence in Business Education at Romanian Business School**

We conducted a Human Sigma evaluation during the month of May 2010 on a small Romanian business school that for anonymity purposes we will simply call "RBS". This IHE was selected based on the fact that it possessed an entrepreneurial leadership, was eager to increase its quality offering, was interested in improving its competitiveness, and was open to adapt to modern realities. The business school is a private, religious organization, located in the north-western Romania and is fully accredited by the Romanian Minister of Education and its accreditation body ARACIS. The college has 30 students in its graduate program and 85 in the undergraduate program tailored according to

the standards set by the European Union Bologna process. The institution features guest lecturers from renowned US and UK higher education institutions, which makes it distinctive to other institutions. The “RBS” is a recently founded college that just delivered its tenth generation of graduates.

Romanian Business School faculty observed that, though enrollment in the undergraduate program grew by 55 % in 2007 and by 34 % in 2008, there were difficulties regarding student retention in its newly launched Master program. Its undergraduate alumni are very well regarded in the business community and employers consider that RBS has reached excellence in the education process. Given this context, our study set out to investigate the overall engagement of the RBS stakeholders and the rationale for the low customer retention and service repurchase of the Master program. Because there were no symptoms of dysfunction in the organizational culture, the faculty built traditional instruments to periodically assess student satisfaction toward the learning experience. Such traditional instruments did not reveal concluding information regarding the levels of engagement that would translate into student retention.

We developed a questionnaire based upon the Gallup Human Sigma that was administered to 71 undergraduate students and 17 faculty members. The analysis allowed the assessment of the level of RBS enterprise engagement, which showed that the apparent positive organizational culture in the context of low customer retention was the top of an iceberg of symptoms below the surface (Buckingham and Coffman 2005). The research involved the entire population of employees (faculty) and clients (students), with the remark that there were three types of clients: clients I—first year (freshmen), clients II—second year, and clients III—third year (senior). The results showing employee engagement is represented in Tables 1 and 2.

The results reveal the fact that the most disengaged customers were the third-year students, while the most engaged students were the first-year students. The highest most variation among the engagement level of students was

**Table 1** RBS employees’ (professors) engagement. (on a scale from 1 to 5, with 5 being excellent)

Q. nr.	Engagement dimension	Score
1	What do I get?	4.25
2	What do I get?	4.12
3	What do I give?	4.31
4	What do I give?	3.62
5	What do I give?	4.56
6	What do I give?	4.81
7	Belong	4.12
8	Belong	4.68
9	Belong	4.56
10	Belong	4.43
11	Develop	3.93
12	Develop	4.25
<i>Average</i>		<i>4.30</i>

**Table 2** RBS customers’ (students) engagement. (on a scale from 1 to 5, with 5 being excellent)

Q. nr.		Clients I	Clients II	Clients III
1	Global satisfaction	4.45	4.08	4.12
2	Repurchase	3.09	1.96	2.24
3	Referral	4.36	4.21	4.36
4	Confidence	4.45	4.17	4.28
5	Confidence	4.32	3.79	3.88
6	Integrity	4.14	4.17	4.12
7	Integrity	4.00	4.13	4.32
8	Pride	4.27	4.25	4.64
9	Pride	4.45	4.21	4.52
10	Passion	3.95	3.79	4.44
11	Passion	2.64	2.92	3.44
<i>Average</i>		<i>4.01</i>	<i>3.79</i>	<i>4.03</i>

**Table 3** RBS engagement and standard deviation

	Had an engagement score of over 4.5 (%)	Standard deviation of mean engagement level
Employees	31.25	0.441
Clients I	31.81	0.871
Clients II	16.66	0.614
Clients III	16.00	0.499

The Human Sigma metric was calculated using the formula (Fleming et al. 2005):

$$HS = \sqrt{(E\text{percentile} * C\text{percentile}) * \left(\frac{\text{percentileMAX}}{\text{percentileMIN}}\right)^{0.125}}$$

among first-year clients, and the least variation was among employees. The percentage of clients who had a mean level of engagement of more than 4.5 from the students who spent 3 years within RBS is almost half of the first-year students, and considering the lower standard deviation we can conclude that the third-year students are overall less engaged with RBS than the first-year students. Table 3.

The Human Sigma score obtained from the above formula was 0.60388 (in other words, the overall engagement is at the 60.388th percentile). This result shows that the variation of engagement between the employees and the clients is quite high, and the unit is not optimized from this point of view.

## 5 Conclusions

The quality of education and the quality of the institutes of higher education are issues of vital importance for the future of any nation. Education generates innovation, and innovation is a major contributor to the national prosperity and the

quality of life in a country. Given the current austerity environment, when national budgets are slashed across the board, any and all improvements in the education environment are necessary.

Even if there are significant differences between the educational sector and its private service providers counterparts, there are valuable innovations to be considered. Engaged organizations can provide a possible blueprint for productive, more innovative organizations into the future and IHE should evaluate some of their initiatives, regardless of whether utilizing engagement instruments such as the Human Sigma, universities are exploring objective quality measurement mechanisms.

Our study, to the best of our knowledge, is the first application of the Human Sigma evaluator to an institution of higher education in Romania and sets out to do exactly that. Unfortunately, being the first time that the RBS has applied such a measurement, we do not have historical data to compare it with, yet we intend to revisit this issue in subsequent years and observe whether any improvement has taken place based upon our study.

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