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IIM INDORE

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Managing Intellectual Capital: The Case of Narmada Institute of Management Studies

Introduction

Organisations seek to maximise the potential of their employees through performance management systems (Aguinis, 2009). Performance management systems aim to align individual and organisational goals and work with the assumption that if all individuals in the organisation achieve their goals then the organisational goal can also be met. Performance management systems are also an integral element of an organisation's overall strategy to attract, manage and retain talent.

Educational institutions, like business management schools, also employ performance management systems as a mechanism to monitor and enhance the performance of their faculty. Business management institutions in India can be broadly categorised into the following:

- Management institutions affiliated to the Union Ministry of Human Resource Development (HRD) such as the IIMs¹.
- Management departments of the state and central universities such as the Faculty of Management Studies (Delhi University) and Jammalal Bajaj Institute of Management (Mumbai University).
- Self-financed autonomous business schools recognised by the All India Council for Technical Education (AICTE)².

Institutions belonging to the fourth category are privately funded by entrepreneurs or business houses and operated like corporate organisations. These institutions face enormous competitive pressures and often struggle to fill their quota of seats. Private management schools are evaluated by prospective students in terms of their faculty quality, infrastructure, placements and industry interface. They are ranked lower than the IIMs and a few university departments in annual rankings. Hence, there is a need to excel in course offerings, service delivery and quality of resources, that is, faculty members and infrastructure.

Most of these institutes had been able to create adequate infrastructure in terms of classrooms, office space, Internet access, library facilities and living and recreation facilities for the students.

However, private institutes were struggling to attract top-quality faculty members. Moreover, AICTE norms ruled that the faculty to student ratio be maintained at 1:15. Thus, private business management schools were competing for both quantity and quality of faculty members. These schools were devising performance management systems linked to attractive incentive schemes as a strategy to attract quality

¹ IIMs are autonomous institutions affiliated to the Union Ministry of HRD and are considered the best business management institutions in India.

² AICTE is an autonomous body appointed by the Ministry of HRD and is responsible for governing the activities of institutions involved in professional studies such as engineering colleges and business management schools.

faculty. This article discusses the case of NIMS, a private business management school based in central India, and describes the performance management system implemented by NIMS.

Narmada Institute Of Management Studies: A Profile

NIMS was a middle-level business management institution based in central India and established in 2004. Spread across 30 acres, it was located about 35 kilometres outside a fast-growing tier-II city, which was in the heart of the country. One of the biggest advantages of this city was that it was easily accessible by rail from the five major metropolis cities of the nation. NIMS was conceived as a fully integrated business management school engaged in the following activities:

- *Teaching*: Full-time residential postgraduate programmes in management
- *Research*: Academic and field-based research in various areas of management
- Executive education and consulting services

Over a period of nearly 5 years, since 2004, NIMS had earned a fairly good reputation, especially for its flagship programme, the Postgraduate Diploma in Management (PGDM). Because it was an autonomous business management school, the faculty members had the freedom to design new courses, decide on the course content, select appropriate pedagogy and use appropriate evaluation and grading system. Recently, it had started a doctoral level programme as well. Besides, the distance learning operations and executive education were identified as new sources of growth, and significant investments were made to strengthen its presence in these segments. Notwithstanding other challenges, the strategy for growth had paid off in the short run. In terms of student strength, the institute was able to grow four times in the short span of 5 years. The total fee revenue of NIMS from the flagship programme was around Indian rupee (INR) 120 million.

Business School Rankings and Student Perception

Starting from the year 1995, leading business magazines and newspapers were publishing perception-based as well as objective business management school rankings. These annual rankings were known to significantly influence the students' choice of the business management school as well as recruiters' decision to visit the school for campus placement. Hence, it was necessary for the autonomous, self-financed business management schools to get a good ranking consistently.

There were two types of survey: (1) surveys that used objective measurements of business school performance on various parameters such as intellectual capital (21% weightage), infrastructure and facilities (19%), industry interface (19%), placement performance (23%), International linkage (8%) and recruiters satisfaction (10%) and (2) Perception-based surveys that ranked business schools based on the perceptions of current students, prospective students (aspirants), recruiters and so on (Exhibit 1). Most ranking agencies considered a business management school only after the first two batches had successfully passed out. NIMS was at a stage where it could no longer be considered a 'new entrant', and hence there was an urgent need to stabilise operations at NIMS.

In the year 2007 to 2008 when NIMS went for ranking for the first time, it was ranked amongst the top 40 business management schools in the country. It was also ranked amongst the top 20 private ownership business schools in India. In a survey based on objective parameters, NIMS was amongst the top 30 private business schools of the country. In another survey published by a leading business magazine which ranked the top 20 business schools and remaining were categorised into A++, A+ and so on till C++, NIMS had figured in A+ category. Although the impact of these surveys with recruiters was not known, the prospective students were significantly influenced by these surveys.

Need for Quality Faculty Members

The other set of key stakeholders were academicians who considered NIMS as a potential employer. Quality of intellectual capital greatly influenced most ranking agencies. This obviously meant that institute rankings greatly depended on top-class faculty members who regularly published research in international journals, conducted successful executive education programmes (EEPs) and were sought after for their consulting services. It was easy for business schools to replicate and create physical infrastructure, course curriculum and pedagogy, and academic resources such as library and technology-enabled systems. However, quality of intellectual capital provided an institute with the only source of sustained competitive advantage. Little wonder then that most top business schools strived to provide working conditions and performance management systems, which were believed to attract and retain the top academic talent.

Attracting good faculty members was an uphill task for NIMS. Because there was no other well-known autonomous business management school in central India, the faculty resource locally available had limited exposure to time-tested teaching and learning methodologies. Besides, the existing business management schools in central India were primarily teaching shops with no emphasis on knowledge creation activities such as research and publication, international linkages and conferences. Hence, NIMS was forced to attract talent from other parts of the country. Good faculty members from metros and large cities were reluctant to move to this tier-II city for host of reasons. Given the lack of industrialisation, there were very few job opportunities for the spouses of the faculty members. Even for the faculty members, there were very few opportunities to engage in lucrative consulting assignments or conduct executive training programmes. The yield ratio for faculty selection was rapidly deteriorating and becoming a cause for concern. In the last two rounds of recruitment, NIMS was not able to hire even a single faculty. Although the recruitment advertisements attracted many responses, most of the applicants did not fit the bill and were rejected at the resume screening stage itself. The institute was located around 35 km outside the city and entailed a 60-minute drive to work. Some potential candidates also cited this as a reason for rejecting the offer by NIMS.

In the year 2007 to 2008, NIMS earned roughly INR 120 million through various activities. Around 90% of this was contributed by fees revenue through students for the regular postgraduate programme in management. The total payout on account of faculty salary was around INR 14 million. Of this, around INR 4 million was paid to visiting faculty members who were not full-time employees of the institute and were paid on an hourly basis. Clearly, no efforts were spared in ensuring that salaries were at par if not better than the industry. NIMS was amongst the best paymasters in the business school spectrum till 2007 to 2008. However, since June 2008 several business schools had started revising faculty salaries and quite a few institutes offered salaries that were at par or slightly better than NIMS. Moreover, in 2008, the Sixth Pay Commission, a body appointed by the Union Ministry of HRD, had come out with their recommendations. These included a complete revamp of faculty salaries in government-sponsored institutions. It was expected that when the Pay Commission recommendations were implemented the salaries at government-aided business schools would increase by 60 to 80%.

Hence, it was a chicken-egg situation. Good faculty members would like to work in a good business management school, and unless NIMS attracted good faculty, it would remain mediocre. Having invested close to INR 350 million, the board of directors was keen to recover the investment and earn surplus as early as possible. They had communicated to the director that the operations had to be scaled up significantly. Between 2004 and 2008 the student intake had gone up from 85 to 360. Hence, the director was under tremendous pressure to retain as well as recruit more and better faculty to meet the regulatory requirement of faculty student ratio of 1:10. The plan was to increase the faculty strength from 12 to 60 in 3-year time to meet the growth requirements. This naturally entailed providing additional incentives by way of opportunities to earn more. NIMS had already instituted a special allowance, which was 10% of the base salary. This however, was not adequate. A variable pay system linked with performance had to be introduced

sooner or later.

The Performance Management System

The current system of performance management and work measurement clearly indicated the minimum workload expected from faculty at the beginning of the year itself. Faculty members at a business school were primarily responsible for teaching, research and consulting. In addition, there could be some administrative responsibilities allotted based on institutional requirements. Each activity had certain units allotted, which varied depending on the nature of activity (Exhibit 2). For instance, by teaching a postgraduate course, a faculty member could earn between 40 and 210 units depending on the number of sections and number of students in each section.

Illustration of units earned through multiple sections of the same course

Take the case of a faculty member teaching the same course across five sections of 60 students each; in this case the units earned by the faculty member were as under:

- Units allotted for course planning: **10 units**
- Units allotted for course delivery (20 sessions of 90 minutes each): $20 \times 5 = 100$ **units** (20 units per section taught, irrespective of the number of students)
- Units allotted for evaluation and student interaction: 20×5 (20 units per section since each section had more than 51 students) = **100 units**
- Total units earned: **210 units**

Similarly, units were allotted for research publications based on the nature and quality of publications. Administrative responsibility and teaching in EEPs were also allotted units. Units were also allotted for teaching feedback. Faculty members receiving excellent teaching feedback of, say, over 4.5 on a scale of 5 were entitled to 15 additional units. Units for administrative activities were allotted based on the expected effort required. For instance, dean (academics) was supposed to run the entire postgraduate programme including admissions, induction, regular teaching sessions, conduct of examinations, internships and convocation ceremony. Hence, a total of 75 units were allotted for the position.

The minimum workload for each faculty member was pegged at 300 units per year and this was equivalent to teaching six courses in the entire year. Each faculty had to accumulate a minimum of 300 units in a given financial year, that is, from April to March. The faculty members were remunerated INR 2,000 for each additional unit earned above the minimum stipulation. Thus, if a faculty member accumulated 400 units in the accounting period she or he was entitled to a total incentive of INR 200,000 before statutory deductions.

The system found favour with faculty members because it allowed them to plan various activities for the entire year based on their area of expertise. It also indicated the additional remuneration that they could expect to receive as variable pay towards the end of the financial year. This system obviated the uncertainty and anxiety associated with variable pay systems without compromising on performance expectations of the management. Moreover, the system also partially addressed issues about the quality of performance. For instance, above par to excellent teaching feedback from the student community earned a faculty member additional units. Research published internationally was rewarded substantially more than that published in national journals.

Even though faculty members supported the existing unit-based system, the top management had reasons

to be worried. On the basis of the units earned by faculty members for the year 2007 to 2008 (Exhibit 3), the board of directors felt that the minimum workload specified was too low. Besides, in certain activities such as teaching, the total units earned by a few faculty members were far beyond what was perceived as 'difficult to achieve'. Moreover, it was also felt that the system did not emphasise *quality* of work.

Implementation Issues

The existing work measurement system was believed to suffer on the following account:

1. *Equalisation of unit allocation:* The allotment of units in some activities especially the administrative positions remained a debatable issue. The hostel warden was allotted only 25 units even though the perception was that this role called for high involvement on part of the faculty member who took up the responsibility.
2. *Multiple administrative responsibilities:* Some faculty members took up several administrative responsibilities simultaneously, and at times, this allowed them to earn as much as 40% of the minimum workload through administration only. In one case the same faculty member was holding the positions of dean (academics), library committee chairperson and co-ordinator of the national event, thus earning 125 units annually.
3. *Upper limits on teaching:* In the formative years when the number of faculty members was limited, several faculty members taught as many as seven to nine courses per year. The upper limit on teaching was capped at seven courses but even this allowed faculty members to earn 120% of the minimum specified workload only through teaching. There were several instances where faculty members earned as many as 360 to 390 units only through teaching.
4. *Units for teaching feedback:* It was believed in some quarters that allotting units for teaching feedback led some faculty members to engage in populism and student appeasement.
5. *Units allotted for research and publications:* The number of units allotted for publishing in top-class journals was not commensurate with the effort. For instance, publishing a research paper in a financial times 40 (FT 40) journal would take a minimum effort of 12 months; but only 50 units were allotted for this. As against that engaging a teaching course could get a faculty member more than 50 unit.
6. *Ambiguity about some activities:* There was an ambiguity about the unit allocation for activities such as writing cases and organising conferences. Although the institute encouraged faculty members to write cases, the performance management system did not specify the number of units allotted for case writing. The institute did not have a policy of registering cases and creating a portfolio of cases. Hence, faculty members who wrote cases for class discussion were directed to either publish them in a journal or get them registered with a case portfolio such as European Case Clearing House. Faculty members were then awarded units based on the nature of publication.
7. *Misuse of the work measurement system:* The work measurement system was vulnerable to misuse. For instance, faculty members who served on the editorial board of the institute journals could publish their own papers in these journals and earn units for both activities, that is, publishing as well as the administrative task of being on the editorial board.
8. *EEP:* The units allotted for engaging sessions in EEPs were believed to be inadequate. Under the current system, faculty members got between 1.25 to 2.5 units per session taught in executive training programmes. This worked out to around INR 2,500 to 5,000 per session. Because faculty members could earn nearly the same amount teaching in the regular postgraduate programmes, not

many were enthusiastic about travelling to client locations and engaging sessions.

Conceptual Framework

Aligning organisational goals to individual goals

Performance management is a process, which aims to enhance organisational performance by positively impacting the contribution of individuals and groups within the organisation. The fundamental premise in performance management theory is that organisational goals can be linked to unit-level and individual goals, and hence the best way of achieving organisational performance is by ensuring that individual goals are met. Performance management is a cyclical process that includes goal setting, performance facilitation, performance measurement, feedback, linkage with rewards and developmental needs.

In the absence of a formal goal-setting process it is unlikely that employees are aware of what is expected from them. In the context of NIMS, the employees being referred to are faculty members who have their own area of expertise and preferences. If a particular faculty member prefers teaching to doing research, she or he is well justified in maximising teaching load and focusing very little on research and publications. Are the goals of individual faculty members aligned with the institutional goals? How should the institute ensure that this happens?

The goal of NIMS is to be amongst the top-ranked private business management institutions. In order to achieve this, it is important for the institute to produce top-class and path-breaking research. EEPs brought lot of credit to the institute and were believed to earn invaluable credit when the annual business school rankings were published. It was a well-known fact that 'interface with the industry' formed a critical component of the business school rankings, and ranking agencies allotted greater weight to this particular parameter. Besides, enhancing the institute's ranking, EEP was also a revenue centre. From a strategic perspective, revenue from EEPs enables business schools to mitigate the risk of having only one source of revenue, that is, revenue from fees collected. At the same time, teaching activities in the Master of Business Administration (MBA) programme did not fetch an institute significantly higher credit from ranking agencies.

In its current form, the unit-based work measurement system failed to link organisational goals with individual's goals. Clearly, it was more remunerative for faculty members to maximise earnings by teaching as many courses as possible instead of engaging in research or executive education. There seems a case for enhancing the unit allocation in these two areas and limiting the teaching workload of faculty members.

Academic Incentive Plans and Performance Management

Evaluating the existing unit-based performance management system at NIMS

1. The performance measurement system at NIMS has two distinct components:
2. *The unit-based system:* Where faculty members are allotted units based on the work performed by them during the year (Exhibit 2 of the case). Variable payouts are based on this system.
3. *Performance appraisal by committee and director:* Herein, a designated committee of senior faculty members and director appraise performance of faculty members on various parameters such as participation in institution building activities, teaching feedback received, research output, participation in EEPs and behavioural issues. Results of this appraisal process are used to decide on increments in base salary and promotions.
4. Both the above components are intricately linked: The performance appraisal committee takes into

account several dimensions that are *already* captured in the unit-based system, that is, teaching feedback and research output. Questions that can be raised are as follows:

- a. Is NIMS getting into a *double-counting* situation?
- b. If yes, then should there be distinct qualitative dimensions used by the performance appraisal committee instead of relying **only** on the quantitative measures?

On the contrary, the unit-based system of NIMS provides an objective basis of measuring performance. There is merit in considering the unit-based system as a legitimate mechanism for awarding increments and promotions. NIMS can integrate quality-related parameters in the existing unit-based system and utilise only this system for variable incentive as well as annual increments.

There seems an inherent lack of consistency in the existing system. For instance, a faculty member who accumulates 450 units during the year not only earns attractive financial incentive but also benefits in terms of annual increments that are awarded based on his ability to perform beyond the minimum specified workload. There are compelling arguments for and against the overlap in two components of performance management at NIMS. The unit-based system allows faculty to plan their workload over the year and also gives them a fairly accurate assessment of expected earnings through variable payouts at the end of the year. Because the unit-based system essentially measures work output, it can be used as a predetermined goal. This allows the institution to assess performance against predetermined standards and hence be used for deciding annual performance ratings and base pay revisions. Advantages of the existing unit-based system include:

1. First, the system is very comprehensive and captures all activities in which faculty members are expected to be involved. Unit allocation for each activity has been detailed in the system.
2. Second, the system enables faculty members to plan their work activities for the entire year and also indicates the amount of variable pay likely to result from this work plan. This allows the faculty members to plan in accordance with their areas of specialisation and removes any uncertainty regarding earnings.
3. The unit-based system that measures work output is in essence similar to a *predetermined goal*.
4. Goal setting is largely a collaborative process; with individual faculty members preparing their respective work plans which are subsequently ratified after discussion with the Director.
5. The system ensures that biases do not creep into performance measurement. Because all activities have units allotted, it becomes fairly objective in terms of quantifying work. This, however, takes attention away from quality of work.
6. The system seems constrained by several weaknesses some of which are enlisted below:
 - a. First, the system fails to link organisational objectives with individual objectives. This has been explicated in detail earlier.
 - b. Second, the system does not emphasise quality of work in any area except teaching. For instance, publication in *any* international journal fetches a faculty member the same amount of units. Top-rated journal take more than 12 months to review and accept research papers while lower-ranked journals usually review and accept papers in as few as 15 days. Obviously, reputation of an academician and the affiliated institute grows as more research is published in top-rated journals. If NIMS aims to be recognised as a centre for research excellence, then there

has to be a system, which differentiates research, based on quality of output and accords differential rewards for the same.

- c. Finally, the system lends itself to 'gaming'. This could also be a consequence of ignoring quality parameters in some areas. Some faculty members publish research papers in journals in which they themselves serve on the editorial board. The system has no mechanism in place to control such actions. However, in most areas the management has endeavoured to make the system infallible.

Vulnerability against misuse

A critical area of concern with the unit-based system is its vulnerability against misuse. Teaching was considered to be the activity that enabled faculty members to earn easy units. Many faculty members were teaching the same courses for several years, and the effort required to deliver these courses was minimal. The unit system was also susceptible to misuse in other areas. There were instances where particular faculty members served on editorial boards of international journals and took advantage of this association by publishing papers in these very international refereed journals. Each international publication earned a faculty 50 units or an equivalent of INR 100,000. The institute witnessed around 10 international conferences being organised. For a conference to be classified as 'international' it just needed participation by a few academicians based overseas. India, being amongst the largest economies in the world having a thriving academic fraternity, was generally a favoured destination for researchers in middle (or lower level) institutes in Asia, Asia-Pacific, Africa and some European nations. Besides, there were innumerable Indians working as faculty members in North America, Europe and Asia-Pacific. Conferences in top-level institutes in India provided them an opportunity to visit their hometowns and spend time with relatives and friends. Hence, virtually every conference organised by NIMS could be classified as an international conference. The faculty who organised the conference was allotted as many as 100 units for each conference. Clearly, there was scope for misuse in this context.

Fairness and consistency of the unit-based system

It seems worthwhile examining the fairness of the unit-based system. Three significant issues that seem to arise are as follows:

- Is there a consistency in equalisation of work units' allocation?
- Are faculty members getting an equal opportunity to earn units?
- Specification of minimum workload in each sphere of activity.

The moot question is whether the institute has 'valued' work items in terms of effort and involvement before allotting units. For instance, what was the rationale behind allotting 40 units to case writing, which was nearly as much as one could earn by teaching a full course (45 units in this case)? Does it mean that the amount of effort required for writing a case was equivalent to that required for teaching a course spread across 3 months?

The other critical issue is of minimum and maximum workload in each area. The existing unit-based system defined limits very loosely. Faculty members did not have a minimum teaching load, and the maximum teaching load was waived in many instances. NIMS being a private business school had to adhere to norms laid down by the AICTE. Thus, students had to complete a minimum of 120 teaching credits during the 2-year programme. Choice of elective courses in the 2nd year largely depended on their utility with respect to creating job opportunities. Thus, marketing and finance courses were over-subscribed and courses in human resource management and information technology hardly found any takers. Faculty members from

marketing and finance domain invariably ended up conducting more than seven courses each year, thus earning significantly more than faculty members from other areas.

Research publications did not have even the prerequisite minimum. Faculty members could go through the entire year without a single publication and yet earn substantially through variable payouts. Unlike their North American counterparts, Indian business schools did not believe in the 'publish or perish' motto. Even so top-rated business schools had a pre-specified minimum publishing standard. By following the tenure track policy, it was virtually impossible for faculty members to get promoted to the next level without having a decent publishing track record.

Scope of Performance Management System and Their Utility in Academic Institutions

Performance management systems are designed with the objective of motivating individual employees and maximising their potential. However, if these systems are not implemented carefully the results can be damaging both for the organisation as well as for the individual employees. There is reason to believe that design of performance management systems in an academic institution may not follow the same considerations as a corporate organisation.

To begin with, we shall discuss the goal-setting process. Goal setting enables an organisation to link individual and organisational priorities. Individual goals cascade from the mission and vision of the organisation. However, is this necessarily true of academic institutions as well? Let us consider the case of an education institution that employs eminent academicians and even Nobel Laureates. These academicians are likely to be specialists in one domain through years of concentrated effort in the direction. Instead of attempting to cascade the institutional mission and vision to these individuals the administration might prefer leaving them to pursue their area of interest. The linkage of goals might actually be bottom-up rather than top-down.

Next comes the issue of incentive plans and their utility in motivating academicians. Research has shown that financial benefits actually *undermine* intrinsic motivation (Kohn, 1993). Research output stems from a faculty member's innate interest in a particular area. Academicians are known to conduct and publish owing to an intrinsic motivation for the same. Most top academicians would derive immense satisfaction by publishing in top-quality journals. The system at NIMS does not encourage faculty members to target top-rated journals; on the contrary, it drives them towards lower-quality journals in the hope of accumulating units. This is akin to the **'folly of rewarding A while hoping for B'**.

Performance measurement should have a reward as well as development objective. The measurement system in NIMS has two aspects. First, all faculty members get monetary benefits based on the units earned. Second, the units earned along with other performance parameters such as quality of research output, number of executive programmes conducted, teaching feedback ratings and contribution to institutional building activities also count towards the year-end performance evaluation. The annual increments in base salary and promotions are decided on this year-end evaluation. However, the performance management system does not, in most cases, address development needs of faculty members. Generally, in educational institutions faculty members have pre-specified budget, which can be utilised for attending workshops, conferences and other activities that aid self-development. The existing performance management system at NIMS is independent of this.

NIMS's position in life cycle of a business school has a significant impact on the performance management system that it may choose. As a relatively younger institution, NIMS is in the stage of rapid expansion and growth. Faculty members are a critical resource because NIMS aims to add as many faculty members as possible in the shortest span of time. Additionally, NIMS also suffers on account of a poorly connected location. Under this situation, NIMS may be justified in implementing a performance

management system that might get perceived as 'liberal and generous'. However, as operations of NIMS stabilise, strategic considerations are likely to change, and getting perceived as an institution that 'gives away easy money' may work against the objective of attracting and nurturing top talent.

Conclusion

This article highlights the significance of a performance management system as a mechanism for managing intellectual capital. On the basis of the evidence presented through the case of NIMS, it is fair to state that having some mechanism to measure and manage the performance of academicians is preferable than having no formal system at all. Although the system at NIMS has a few lacunae, it enables the institute to track performance in most activities and provides a basis for deciding compensation of faculty members. However, in order to be effective, performance management systems need to be characterised by fairness and consistency. Fairness denotes equal opportunity to all employees and rewards that are equitable with efforts. Consistency, on the contrary, signifies that the system evaluates similar type of performance using the same set of rules and regulations. The system at NIMS has enough scope for improvement on both accounts. It is also useful to recognise that even immaculately designed performance management and reward systems are vulnerable to some level of misuse. Systems development is an iterative process and the management of NIMS should strive to identify shortcomings and effect changes in the system on a continuous basis.

Performance management at NIMS can be viewed from the perspectives of the faculty members, the institution and the promoters (board members). The aspirations of all three stakeholders are likely to be different in some aspects. Most people choose a career in academics owing to an inherent interest in the field. However, even academicians aspire for monetary benefits that are in line with the efforts required of them. In this process, it is likely that individual faculty members engage only in activities that are likely to maximise their earnings with the same level of effort. The institute aims to be recognised as a centre for excellence in management education. This can be achieved by enhancing the quality and number of research publications and consulting assignments. The institute needs to motivate its faculty members in this direction.

The primary motive of the promoters and board members is to generate an operating surplus and plough it back for the future expansion. This might entail tight monitoring of costs including payouts to faculty members. However, promoters also realise that attracting top-level academicians is a necessary condition for the growth of the institute. Faculty compensation is an important element of the management's strategy to recruit top-notch faculty members. This seems to provide a convergence to the aspirations of all three parties.

The discussion can also be seen in light of *managing intellectual capital or employees engaged in creative pursuits*. Faculty members have their own interests and areas of strengths that may not always coincide with organisational priorities. It may be counter-productive if these employees are subject to the standard performance management practices designed for managers and executives in functional roles. Organisations might want to consider performance management measures that target intrinsic motivation of employees engaged in knowledge creation.

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Exhibit 1: Brand equity survey 2008 – parameters on which business schools are ranked

	All	Current MBA	Aspirants	Recruiters	Young Executives	Functional Heads
Reputation	21	15	02	14	24	05
Faculty	10	21	19	14	15	06
Success of Placements	12	10	06	15	18	07
Quality of Placements	01	17	21	15	08	32
Pedagogy	08	09	17	10	04	27
Admission Eligibility	26	15	03	23	11	01
Specialist Units	08	12	15	08	19	09
Infrastructure	14	01	17	01	01	13

Figures in percentage.

Attributes:

Reputation: high-ranking, toughest admission exam, achievements of alumni, international recognition, through knowledge, tie-up with foreign institutes

Infrastructure: high-speed Internet connectivity, physical infrastructure, library, easy financial aid, convenient location, high-standard hostel and mess

Placements: 100%, multiple placement offers

Faculty: high-quality research papers, visiting professors – industry captains, well-trained faculty

Specialist units: known for unique programmes

Quality of placements: average salary best in the industry, placement aboard and in multinational companies

Teaching methodology: student faculty ratio 1:1, counseling, industry exposure, teaching methodology

Admission eligibility: prefer students with work experience, admission to engineers only.

Exhibit 2: Faculty work measurement system NIMS

2.1 Teaching and research supervision

Programme/Activity	Sub-activity	Work Units	Remarks
PGDM and other long-duration programmes*	Course planning	10	Units for 3 credits courses of 20 sessions each
	Presentation and delivery (per section)	20	
	Evaluation and grading (class size < 25) (per section)	10	
	Evaluation and grading (class size between 26 and 50) (per section)	15	
	Evaluation and grading (class size > 51) (per section)	20	
	Student feedback	5 to 15 units*	
Supervision of PhD thesis		20	
Evaluation of internships and student projects	Per student	2	Pro-rated of more than 1 faculty member is involved

* Units for student feedback of teaching (on a scale of 1–5)

1. Feedback of 4.51 and above: 15 units
2. Feedback of 4.01 to 4.5: 10 units
3. Feedback of 3.51 to 4.0: 5 units
4. Feedback of 3.01 to 3.5: 2 units

2.2 Research and publication

Activity	Sub-activity	Work units	Remarks
Research	International journal publication (refereed)	50	
	International journal publication (non-refereed)	25	
	National journal publication (refereed)	20	
	National journal publication (non-refereed)	10	
	Case writing with teaching note	40	
	Serving on the editorial board of an international journal	10	
Conferences	Organising and international conference	100	Should result in published edited volume

2.3 Executive education and consulting

Activity	Sub-activity	Work Units	Remarks
Open management development programmes	Preparation per programme	10	Programme Director
	Programme co-ordination per day	0.5	
	Preparation, teaching and tutorial per session	1.25	Programme faculty
Off-campus programmes	Preparation per programme	10	Programme Director
	Programme co-ordination per day	0.5	
	Preparation, teaching and tutorial per session	2.5	Programme faculty
Consulting	For each 30% share of the minimum prescribed rate (INR 15,000/day) received by the institute	2	

2.4 Administration

Responsibility	Details	Work units	Remarks
Dean	Academics	75	
Programme Chairperson	PGDM programme	60	
Programme Chairpersons	Other long-duration programmes, Research and PhD., EEP/consulting	40	Each of the roles
Administrative Chairpersons	Alumni affairs, library committee, student affairs, computer centre, corporate communications, student counselling, international relations, national event	25	Each of the roles
Hostel warden	Men's hostel and ladies hostel	50	Each of the roles
Chairperson Placement Committee	PGDM programme	90	
Chairpersons	Academic areas	10	

Exhibit 3: Representative data of units earned by some faculty members at NIMS for the year 2006 to 2007

Sr. No.	Teaching	Research	EEP	Administrative Responsibility	Others	Total Units earned
1	589			100	14	703
2	526			95	28	649
3	528			50	14	592
4	531			10	8	549
5	375			85	14	474
6	346			10	21	377
7	245	130			7	382
8	378			60	16	454
9	29	20		25	15	355
10	486	60			9	555
11	353	60		14	7	434
12	198			25	16	239
13	33	20			16	69
14	408			3		411
15	113			80	9	202
16	New joining					0
17	New joining					0
18	253			155	13	421
19	369				8	377