

The Development of Executive MBA Program at Institut Teknologi Bandung, Indonesia

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Abstract

The purpose of this paper is to study universities which provide executives program on Master of Management (MM) or Master of Business Administration (MBA) both in Indonesia and overseas. This paper presents a benchmarking a study to compare processes, performance, best practices between Executive MBA Institut Teknologi Bandung (MBA-ITB) and the other universities. Besides benchmarking, the authors also used customer intelligence method to gather and analyze information regarding competitors by visiting universities in Indonesia. To manage and monitor performance of Executive MBA program, we measured customer satisfaction what products or services provided by MBA-ITB meet or surpass customers (executive students) and conducted in-depth interview to explore need and demand of executive students. The results of the study help to develop executive MBA program and to adopt learning process in other universities to be followed and implemented in MBA-ITB. The acquired knowledge has been partly adapted and adopted by papers. The main implication is the need to explore how MBA-ITB can efficiently and effectively adapt and adopt such knowledge from the results. This work provides effective assistance for development of executive program in MBA-ITB embarking on this benchmarking journey. The result of customer satisfaction provides an indication of how successful MBA-ITB is at providing products and/or services to the students.

Keywords: Benchmarking; customer intelligence; customer satisfaction; MBA-ITB

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1.0 INTRODUCTION

Creating a program for executive MBA is no easy task. It requires a demanding flexible program that develops skills and outlook that executives need. Executive education that is based on the education and development of the individual as a whole, by exposing them to a plurality of paradigms and perspectives, is what sets university based business schools apart (Harrison, Leitch, Chia, 2007). A new and genuine challenge for university-based business schools has arisen. Studying in business and management in Indonesia is one of the educational program from year to year more and more in demand, due to the paradigm that business and management education have greater opportunities in the world of work, because almost all companies engaged in any need of and business management graduates for their business development.

School of business and management, Institut Teknologi Bandung offers one type MBA programme for executive, its called Executive MBA. It is located in Bandung. The question of how university-based forms of executive education can effectively contribute to the enhancement of practitioner capabilities. This question is also become our challenge to do this research, how to improve executive MBA at ITB can compete with other business

schools both inside and outside the country. Executive MBA at ITB is designed for business professional with minimum of two years work experience. The objective is to assist business executives to put their experiences in a sound and practical theoretical framework that help them to formulate a better decision. The program also helps them to deal with complex challenges that they will encounter on the way to a higher managerial level. Our research was conducted to improve and develop executive MBA program at ITB with four method research such as benchmarking, customer intelligence, measure customer satisfaction, and in-depth interview.

2.0 LITERATURE REVIEW

2.1 Benchmarking

For decades, practitioners in the public and private sector have adopted the benchmarking approach as a useful tool for performance and quality assessments (Collins *et al.*, 2006). The American Productivity and Quality Center (O'Dell, 1994) defines benchmarking as "the process of identifying, understanding, and adapting outstanding practices and processes from organizations

anywhere in the world to help other organizations to improve performances.” Codling (1992) defines benchmarking as “an ongoing process of measuring and improving products, services, and practices against the best that can be identified worldwide.” It can be a powerful learning tool and help the benchmarking organization to gain advantages over competitors, such as reducing costs, increasing productivity, and better aligning product/service features to customer needs.

2.2 Customer Intelligence

Stephen Haag (2006) states that competitive intelligence is the act of defining, collecting, analyzing and distributing intelligence about products, customers, competitors and any aspect of the environment that needed to support executives and managers in making strategic decisions for an organization. MBA-ITB must struggle to develop actionable insight that reflects a complete and accurate understanding of their customers/students. The purposes of competitive intelligence:

1. Can figure out the strategy undertaken by the famous universities in Indonesia.
2. Can find the decision to be taken is to know the situation of the market, competition and consumer behavior, which in turn can improve the quality of education, especially executive MBA program.
3. Can detect threats and opportunities and find out the advantages or disadvantages of competitors. For example, a change in the competition is in the product, price, place, promotion, process, and physical evidence.

2.3 Customer Satisfaction

Customer satisfaction is perceived as being a key driver of long-term relationships between suppliers and buyers (Geyskens *et al.*, 1999; Woodruff and Flint, 2003). Customer satisfaction is the

extent to which the requirements of the customer are met by MBA-ITB. Measuring this satisfaction is an important element of providing better, more effective and efficient services. This research is used to measure performance of 7P (product, price, place, promotion, people, process, and physical evidence).

3.0 RESEARCH METHOD

We conducted benchmarking between best and famous universities both in Indonesia and other countries that can be seen in table 1. We collected data from searching in internet. Benchmarking was done based on 7Ps (product, place, people, promotion, process, price, and physical evidence). Questions items of each 7Ps are product (8 questions), price (3 questions), promotion (8 questions), people (16 questions); staff and customer service (10 questions), place (2 questions), process (14 questions), and the physical evidence (21 questions). Participants rated these items on a five-point Likert scale, with 1 = strongly disagree to 5 = strongly agree. Questionnaires were distributed to 85 students. Of the total 23 questionnaires returned were found incomplete responses, resulting 53 usable questionnaires. The respondents were 69.8% male and 30.2% female. The majority was aged between 26-30 years old (41.5%). The working area of 39.6% of respondents is in the private sector, 34% in public sector, 11.3% has own business, 3.8% in the bank, and 11.3% in the others. In-depth interviews was conducted to 3 batches of executive students to know need and demand what students expect from MBA-ITB, 43% from a batch of 46, 34% from batch 47, and 23% from batch 45. Background jobs, 23% of the banking sector, 17% from media, 14% entrepreneurs, 13% oil company, 10% telecommunication company, 10% of the manufacturer company, construction 10%, and 3% of consumer good company.

Table 1 Benchmarking among universities

INDONESIA		ASIA	AMERICA	AUSTRALIA	EUROPE
JAKARTA	BANDUNG				
University of Indonesia	Padjadjaran University	NUS Business School	ESADE	Melbourne Business School	INSEAD
PPM School of Management	Maranatha University	Indian Institute of Management	Said Business School University of Oxford	University of Queensland	London Business School
Gadjah Mada University	Telkom Institute of Management	University Of Malaya	Harvard Executive Education	Monash University	HEC Paris
Bina Nusantara University	Parahyangan University		Columbia Business School		
Prasetya Mulya University			Wharton, University of Pennsylvania		

4.0 RESULTS

4.1 Benchmarking

There are the results of benchmarking from universities in Indonesia and overseas.

4.1.1 Product

• Matriculation

Matriculation is held by few universities which have master of management program in Indonesia to equalize students' knowledge of the material relating to the business and

management up to the level that is considered minimum to be able to follow the master of management program.

At MBA-ITB matriculation is not held, while at Padjajaran University, Maranatha University, Parahyangan University, University of Indonesia, Prasetya Mulya University, Gadjah Mada University, PPM School of management. Some matriculation courses conducted by several universities in Indonesia included as core courses at oversea universities, such as at London Business School (introduction to accounting for managers, understanding general management understanding the international macroeconomy), and at ESADE (statistic for managers).

- Average duration of matriculation which held by several universities in Indonesia is approximately two months, such as Padjajaran university, Maranatha university, Prasetya Mulya university, Gadjah Mada University.

- **Schedule**

- At MBA-ITB, class schedules are held every Friday (5 pm to 11 pm) and Saturday (8 am to 6 pm). At other universities, class schedules are held in weekdays from Monday-Friday, such as Maranatha University (6.30 pm to 9 pm), Telkom Institute of Management (6.30 pm to 10 pm), University of Indonesia (7 pm to 9.30 pm), PPM school of management (7 pm to 9 pm), Prasetya Mulya University (6.15 pm to 9.30 pm / Monday, Wednesday, and Friday). Other universities also offer two options in class schedule both on weekdays and weekends; Parahyangan universities (Monday-Thursday; from 6 am to 10 pm) and (Friday, 6 pm to 8 pm; Saturday, 8 am to 5 pm), Gadjah Mada university (Monday-Friday from 7 pm to 10 pm) and Friday 7 pm to 10 pm / Saturday 8 am to 6 pm are held 3 times in 1 month; Bina Nusantara University (3-4 times per week weekday 6.30 pm to 9.30 pm; Saturday 7.30 am to 4.30 pm).

- In other countries, several universities offer module system such as NUS business school where class spread over 15 month period, conducted over 6 two-week (10 days each days) residential segments; INSEAD takes place on a part-time, modular basis on the INSEAD Asia Campus in Singapore (3-4 weeks), the Europe Campus in Fontainebleau, France (7-8 weeks) and the Middle East Campus in Abu Dhabi (1 week); and London business school which course courses are conducted in London and Dubai. In London, core courses are studied on Fridays and Saturdays of alternate weeks in London. In Dubai, core courses are studied in a four or five-day block each month; Said Oxford Business School: Sunday evening and Saturday (9 am to 7 pm).

- **Short Course:**

- Harvard university offers short course for executives in many options, 3-4 days, 6-30 days, until 8 months.

- **Concentration:**

- Each student has the opportunity to tailor the Executive MBA program to their own particular areas of interest via concentration. Concentration allow students to specialize in certain subject areas to either strengthen their current skill set. Table 2 shows that the number of concentration in several universities in Indonesia that we benchmarked.

- Several universities in overseas offer a modular system in which students are asked to complete one module before switching to another module for example, Monash University (first, module of foundation of business in a global context then module of the strategic environment of business and critical thinking of problem solving); SAID business school, Melbourne Business School, HEC Paris, INSEAD, and Harvard Business school.

- Any universities in Indonesia which offer for executive offer specific program which do not provide elective courses, for example Bina Nusantara University (MM Executive Business Management and MM Professional) and University of Indonesia (MM Capital market and MM Risk Management).

4.1.2 Place

- In Indonesia, ITB and Gadjah Mada University offer study at two places (ITB in Jakarta and Bandung; Gadjah Mada University in Jakarta and Yogyakarta) and the others only at one place.

- Executive programs that held in overseas is offered at several places, for example University of Pennsylvania Wharton (San Francisco and Philadelphia), INSEAD (France, Abu Dhabi, and Singapore), ESADE (Europe, Asia and America) and Indian Institute Of Management (13 cities in India).

4.1.3 Process

We discussed about two items, learning process and admission process. There are the results of benchmarking:

- The minimum eligibility criterion for admission of executive program at MBA-ITB is two years of work experience with a bachelor's degree from any faculty. Most universities in Indonesia also implement this system, such as Prasetya Mulya, Telkom Institute of Technology, Padjajaran University, Gadjah Mada University.

- Other universities who have work experience other restrictions, such as PPM Executive (three years of managerial experience and age above 31 years), Young Executive PPM and Bina Nusantara University give opportunity to prospective students who have worked to apply. In other countries, the minimum eligibility criteria for admission are those who have working experience minimum three years (Malaya University, University of Queensland), five years (Melbourne Business School, ESADE, SAID Business School), five years with three years of managerial experience (Monash University), minimum 8 years with five years managerial experience (University of Pennsylvania, Wharton).

- There are many different learning types and approaches to learning. At MBA-ITB, learning process consists of theory, reading, case studies, field trip, class discussion, syndicate, guest lecture, seminar, and business talk show on the radio.

- At other universities offer a different learning process, such as business simulation game (Telkom Institute of Management and Prasetya Mulya), writing effective reports and technical presentation and also paper in the form of a business plan (Prasetya Mulya); vision of leadership (HEC Paris, Bina Nusantara University, University of Pennsylvania), MBA tournament (HEC); Military camp (HEC Paris and University of Pennsylvania); In company project (INSEAD, London Business School, Monash University); Leadership Development Program/personal coach (INSEAD, London Business School, ESADE,), Life-long learning (INSEAD); Conference on globalization (ESADE), peer exchange (INSEAD), and Company Consulting Project (HEC Paris), field application project (University of Pennsylvania), Social Economic Engagement Program (University of Queensland), and Peer Feedback (INSEAD and London Business School)

Table 2 The number of concentrations

		Number of concentration							
2	3	4	5	6	7	8			
Prasetya Mulya	Telkom Institute of Technology	Maranatha University	Parahyangan university	PPM School of management (MM Executive)	ITB	Padjajaran university	University of Indonesia	PPM (Young executive)	Gadjah Mada University
Marketing management	Corporate development	Marketing strategy and communication	Business management	Operation management	Business risk and finance	Financial management	Finance	Financial management	Entrepreneurship
Finance	Applied finance	Corporate Finance & Business Risk Professional	Strategic management	Marketing management	Marketing	Operation management	Marketing	Operation management	Finance
	Telecommunication Business Management	Entrepreneurship	Risk management	Human Resource management	Operation	Marketing management	Human resource	Marketing management	Human resource and organization
		Human resources management	Industrial relationship and human capital management	Strategic management	Human capital	Human resource management	Operation	Human capital management	Industrial organization
				Financial management	Technology and Innovation	Entrepreneurship	International	Marketing management	Marketing
					Entrepreneurship	International management	Islamic Finance	Entrepreneurship	Strategic management
							General Management	Logistic and Supply chain management	Wealth management
									General management

4.1.4 Price

Price is the very much important thing in consideration of students to choose university. Price should be competitive and reasonable. The price will define the product development and diversification. The most expensive price for executive program (except Indonesia) is University of Pennsylvania; \$ 176,000 includes tuition fees, books, accommodation and meals and the cheapest is HEC Paris is € 48,000 includes tuition, cost of books, accommodation, international seminar. Table 3 shows comparison

of price among MM/MBA universities in Indonesia based on data in 2012.

4.1.5 Promotion

At MBA-ITB use promotion through websites, social media, radio, cooperate with universities abroad, magazines, job expo, newspapers, television and education expo. At MBA-ITB only use social media such twitter and face book. But, any of universities have used LinkedIn, You tube, video testimonial is their website (HEC Paris, INSEAD).

Most of MM/MBA program almost provide promotion through media websites, social media radio, cooperation with universities abroad, magazines, job expo, newspapers, and education expo.

4.1.6 People

In Indonesia, there are almost university lecturers and practitioners got master's degree (University of Indonesia and Prasetya Mulya). University that majority has lecturers that got PhD is Parahyangan University. In overseas, academic lecturers are fewer in number than the lecturer practitioner. In addition to academics and practitioners, there is also a coach to assist training and leadership training, for example at INSEAD, London Business School, and ESADE.

4.1.7 Physical evidence

In Indonesia, the university that provides comprehensive facilities (parking area, cafeteria, photocopy, toilet, classroom, discussion room, library, computer lab, auditorium, rest room), such as ITB, Telkom Institute of Technology, Padjajaran University, University of Indonesia, Gadjah Mada University. In other countries, many universities also provide complete facilities (parking lots, cafeteria, photocopy, toilet, classroom, discussion room, library, computer lab, simulation room, auditorium), such as Melbourne Business School, University of Queensland, Monash University.

In Indonesia, some universities offer sport field such as basket ball and futsal (Prasetya Mulya University) and Fitness center (PPM of school management). In other countries, the Indian Institute of Management, HEC Paris, Harvard Gym, examples of INSEAD, London Business School also provide sport facilities.

Table 3 Price for Executive program in Indonesia

Name of University	Fees	Value
MBA-ITB	Rp 77,150,000.00	Tuition fees and meal
Padjajaran University	Rp 63,500,000.00	Tuition fees
Maranatha University	Rp 27,000,000.00	Dinner and tuition fees
	Rp. 50,000,000.00	Meal (dinner) before evening classes
Parahyangan University	Rp. 35,785,000.00	Dinner and tuition fees
University of Indonesia	Rp. 90,000,000.00	Tuition Fees
Prasetya Mulya University	Rp 98,650,000.00	Tuition fees, dinner, and coffe break
Gadjah Mada University	Rp 75,000,000.00 (Afternoon)	Tuition fees
	Rp 85,000,000.00 (Weekend)	
PPM	Rp 95,000,000.00 (Young Executive)	Tuition fees (inc. for Final Project), Text Books, Library and Computer Lab Membership, Meals and Snacks, Graduation Fee
	Rp 106,000,000.00 (Executive)	
Bina Nusantara University	Rp 95,000,000.00 (Executive Business)	Tuition fees, lunch, Starbuck coffee, Examination and graduation fee

4.2 Customer Satisfaction

There are following parameters from each parameter of 7Ps variables that need be given attention and improved: product (available many electives of each concentration, case study given is close to real conditions, good relationship between MBA-ITB and many companies), People, lecturer (lecturers can communicate effectively in class, lecturers give case study related to condition now, lecturers give a fair assessment, lecturers provide a transparent assessment; staff (staffs give quickly response to the students who need help, staffs give quickly response when receiving complaints, staffs provide information clearly; process (registration form is made more simply so it does not take long time easy to know the scores, scores will be notified in detail); Physical evidence (microphone is available in class work well, the restroom is kept clean, wifi-networks smoothly and stably, availability of mosque is clean and comfortable, availability of plugs / electrical terminals works well in the park, convenience of parking area, parking area is able to accommodate the number of vehicles, food given is tasty and vary).

4.3 In depth-Interview

We visited nine universities in Indonesia to conduct interview to know best practices they do. We asked about registration process, programs, facilities, faculty, lecture, price learning methods to customer service and looked around campus. We also interviewed executive students to measure the satisfaction based on 7Ps. From the result of in-depth interview with executive students at MBA-ITB, we got recommendation for development of MBA-ITB, namely available of student loans, give more practical lecturers, provide modular system, and provide class in weekdays.

5.0 CONCLUSION

We have conducted research using the method of benchmarking, customer intelligence, measurement of student satisfaction, and interview. Here are some things that need to be considered by MBA-ITB for the improvement and development of executive MBA programs:

1. Offer matriculation program for equate to equalize students' knowledge of the material Relating to the business and management up to the level that is the minimum to be able to follow the Executive MBA program. For matriculation courses that can be offered are accounting for managers, introduction to business management, and statistics for business.
2. Add concentrations such as property study that now, property business in Indonesia is growing fast, wealth management that supports students to increase of economy growth in Indonesia, and international management that graduates of this concentration are expected to master international management, particularly those aspects of international marketing, international trade and international financial management.
3. Provide weekday's class (Monday until Thursday from 7 pm to 9 pm).
4. Offer short course program (one until three months) to help companies to increase executives' knowledge about management.
5. Provide various choices of executive program, which is divided into four segments, namely:
 - a) Young executive (have job)
 - b) Executive (minimum two years work experience)
 - c) Executive Manager (minimum five years work experience and have managerial experience)
 - d) Senior Executive (minimum eight years work experience and have managerial experience)
6. Provide Company Consulting Project (CCP) in which participants put their technical training into practice and make a meaningful impact on the performance of real organizations.
7. Provide Advance Learning Center technologies which serve to research projects, business simulation and learning communities.
8. Offer life-long learning systems. It is essential for executives to keep on learning, where give opportunity for alumni to return to campus to take electives they may have missed. It will provide ongoing exchange, because the learning should never stop.
9. Provide modular system, by doing this, the study session is concentrated, and by doing so, the program hoped the learning process will be maximized. Another advantage is it will be easier for people who work to take a break once in a month to attend classes, and the rest of the weekend can be used for another purpose.
10. Provide military leadership training camp to increase leadership.
11. Provide Leadership and Personal Development program to help students in the behavior-based areas of leadership and personal development which give change better impact to their personal life and company.
12. Provide coaches who help improvements which refer to changes in students' behavior when they back at work, such variables as job satisfaction, reduction in conflict, commitment to organization, reduce intention to leave the organization, improve teamwork, relationships, quality and productivity.
13. Increase the price tuition fees, but include for final project, text books, meals, snacks, and graduation Fee.
14. Provide student loans
15. Improve qualities of lectures
16. Conduct training for staff how to serve students better
17. Rectify information system of score
18. Make registration method is more simple and clear
19. Improve facilities such as a microphone, plug, internet, and add land for parking.

6.0 LIMITATION AND FUTURE RESEARCH

This study has limitations such as benchmarking is only performed on prestigious universities in Indonesia and the best which was only done in universities which provide master of management in Bandung and Jakarta, while universities abroad only in three and five universities in each continent. This study compared and judged based on 7P (product, price, place, promotion, people, process, and physical evidence). Benchmarking data MBA program in universities in other countries only based on data from internet. For further research can perform a market analysis survey, to see what is actually needed by the company and what is needed by each individual, so MBA-ITB can set the program to better suit the need and demand of the market as well.

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