# Chapter 56
# The Role of Modern Education in Improving Business Performance

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## ABSTRACT

*This chapter analyzes the relationship between the modern education system and business performance in a theoretical manner. Business organizations who invest in the modern education system in order to educate (knowledge development) and train (skilling and re-skilling) their workforce should know that there is a positive relationship between the modern education system and business performance. It is encouraging news for the business organizations who invest enough efforts on human capital development programs. For the readers to understand the term of positive relationship between the modern education system and business performance, it simply refers to the recognition that an increase in investment on the modern education system by a company will improve its (the company's) business performance. Therefore, institutions of higher education including business schools should invest more in technology-based education systems in order to provide education and training programs to their corporate clients.*

## INTRODUCTION

Since early 1990s, theorists have been talking about the role of information technology in reshaping our education system and how advances in technology are creating an environment for a learning revolution based on technology, also called the modern education system. The modern education system refers to the use of Internet technologies to deliver a broad array of solutions that enhance knowledge and performance. It is based on three fundamental criteria: the modern education system is networked, which makes it capable of instant updating, storage, retrieval, distribution and sharing of instruction or information; it is delivered to the end-user via a computer using standard Internet technology; it focuses on the broadest view of learning solutions that go beyond the traditional paradigms of education (Jeffrey, 2001). This system of education and training is becoming an integral part of our business practices and

policies--let alone education and training--designed to prepare and support a highly skilled workforce. This integration of the modern education system into business management practices, especially in educating and training the workforce, is improving business performance in terms of reducing cost of human resource development activities, saving labor hours, improving customer satisfaction, and guaranteeing faster time-to-market for products and services. Proponents of the modern education system are of the view that this change is having positive impacts on society, government, education and especially, on business communities (Knight, 1994). The modern education system is making available degrees and courses to learners, offering what they want, when they want it, where they want it and in the language they prefer (Knight 1994). Nevertheless, companies who invest on this emerging education system in order to educate and train their people should know the answer to the question *"Is there a positive relationship between the modern education system and business performance?* So after reading this chapter, readers hopefully will find out answers to the above question and therefore, this chapter should provide helpful and interesting information to the companies involved in the modern education system and other stakeholders as well, including business schools, business students, business educators, and other interested academic and education software institutions. In particular, this chapter discusses these issues: Historical perspectives of the modern education system; definition and forms of the modern education system; the benefits of the modern education system; measuring the benefits of modern education for business; business performance and measuring the business performance; and, the relationship between business performance and the modern education system.

## HISTORICAL PERSPECTIVES

How can the modern education system be explained from a historical perspective? Jeffrey (2001) described the history of modern education as dating back to 1436, when the printing press for movable type was invented by Johann Gutenberg to replace 2000 years of handwritten and paper-based communication. Then the breakthrough of the mid-1800s and the early 1900s arrived, when the telegraph, telephone, radio, and film altered the communication and learning landscape. In 1922, motion pictures became modern learning technology, especially for the US military, in place of textbooks and teachers. Later on, especially after the Second World War, educational films, instructional television, and teaching machines and programmed texts paved the way for embryonic computer based training (CBT). CBT combined with an instructional strategy commonly known as "drill and practice," became popular for a short of period of time in the 1970s and 1980s, in learning circles, but did not live up to high expectations of the inventors because of differences in hardware, software, programming languages, and other technical barriers. Even IBM's developed hardware technology "InfoWindows" of the late 1980s and early 1990s could not survive the instant changes in technology. Then came the rise of web-based learning (otherwise known as e-learning) of the late 1990s and early 2000, when learning technologies made it possible for courses to be online, for students to have interaction with fellow students and instructors, and for learners to have access to research libraries. Digital Think (n/a) classifies the history of modern learning into three categories. During the pre-1983 era, computers were not widely available and instructor-led training and education was the primary method. This allowed students to get away from the office to focus on their studies and to interact with their instructors and classmates. However, this system usually meant high costs and downtime during office hours, motivating training and education providers to search for a better way to educate and train. This led to the multimedia era of 1984 to 1993, when training and

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