

Joint Final Report

Estonian Business School

Programs Assessed

7343950	Business Administration
7343949	Business Administration
6343949	Business Administration
6343993	IT Management
6343992	Entrepreneurship and Business Administration
8343914	Business Administration

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Expert Team

Prof. Heinrich Stremitzer
Head of the Dept for Insurance
and Risk Management
Wirtschaftsuniversität Wien
Augasse 2-6; A-1090 Vienna
Austria
Tel: 43-1-31336-4694
Fax: 43-1-31336-712
E-mail: Heinrich.Stremitzer@wu-wien.ac.at

Prof. Juris Krumins
Vice Rector
University of Latvia
Raina bulv. 19
Riga, LV-1586
Latvia
Tel: 371-7034304
Fax: 371-7034422
E-mail: krumins@lanet.lv

Prof. Wim Meeusen
Dept of Economics
University of Antwerp
Prinsstraat 13
B-2000 Antwerp Belgium
Tel: 32-3-2204054
Fax: 32-3-2204033
E-mail: wim.meeusen@ua.ac.be

Prof. Ilkka Virtanen
Dean of the Faculty of Technology
University of Vaasa
PO Box 700
FIN-65101 Vaasa
Finland
Tel: 358-6-3248256
Fax: 358-6-3248557
E-mail: itv@uwasa.fi

Prof. Kurt Pedersen
Dept of International Business
Aarhus School of Business
Fuglesangs Alle 4
DK-8210 Aarhus V
Denmark
Tel: 45-8948-6340
Fax: 45-8948-6125
E-mail: KUR@asb.dk

Part I

General Overview

THE ASSESSMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

The Higher Education Quality Assessment Centre of Estonia has invited a team of experts to assess programs in Business Administration and Management at the Audentes University, Tallinn Commercial College, Institute of Humanities and Social Sciences and Estonian Business School.

The expert team

- Prof. Heinrich Stremitzer, Wirtschaftsuniversität Wien, Austria;
- Prof. Ilkka Virtanen, University of Vaasa, Finland;
- Prof. Juris Krumins, University of Latvia, Latvia;
- Prof. Kurt Pedersen, Aarhus School of Business, Denmark;
- Prof. Wim Meeusen, University of Antwerp, Belgium.

The assessed programmes:

AUDENTES UNIVERSITY

7343917 *Business Administration*

7343919 *Business Administration*

TALLINN COMMERCIAL COLLEGE

5343960 *Business Administration*

INSTITUTE OF HUMANITIES AND SOCIAL SCIENCES

5343665 *Economics*

ESTONIAN BUSINESS SCHOOL

7343950 *Business Administration*

7343949 *Business Administration*

6343949 *Business Administration*

6343993 *IT Management*

6343992 *Entrepreneurship and Business Administration*

8343914 *Business Administration*

The programme of the visit

The assessments took place during the period October 19-26, 2003. Sunday evening 19 October, the Committee had a meeting with the managing director of the Accreditation Centre and member of Higher Education Quality Assessment Council. An outline was

given of the task of the Committee and the general situation of Estonian Higher Education.

Monday 20 October the Committee visited the Audentes University, Tuesday 21 the Committee visited the Tallinn Commercial College, Wednesday 22 the Committee visited the Institute of Humanities and Social Sciences and Thursday 23 the Committee visited the Estonian Business School.

The programme and working method

Prior to the beginning of the visits, the Committee had a general discussion about the task as seen by the Committee, about the standards, formulated by the Accreditation Centre and the frame of reference for the assessment as seen by the Committee. At the same time the self -evaluation reports were discussed.

The programme of the visit had next format:

- meeting with the leaders/heads of the institutions
- discussion with the writers of the self-evaluation reports
- interviews with groups of students of the different programmes in small groups
- interview with academic staff of the different programmes in small groups
- interviews with important Committees
- on-site visits of facilities

During the one major part of visit the Committee tried to assess especially the organisation of the programmes, the way the curricula had been designed, the way the quality is being assured, the qualification of the staff, the research activities and all other points the programmes had in common.

What follows are the findings of the Team (Part II), its general recommendations (Part III), and its accreditation conclusions (Part IV). In Part II, the findings are relative to the 'Requirements for accreditation of educational programme of university' (Approved by the regulation of the minister of Education No 34 of 14 December 1998 RTL* 1999, 9, 101).

Part II

Findings

GENERAL FINDINGS AT THE ESTONIAN BUSINESS SCHOOL

The team of experts (TE) took the *self-evaluation report* of EBS as the starting point of its investigations. The quality of this report was considered to be very good, and indeed by far the best of the four institutions visited. The report was clearly structured, written in faultless English and contained all the relevant information. This facilitated the task of the TE considerably. There was no need for a laborious extraction of additional necessary information, not present in the self-evaluation report, as was often the case in the other visits. The report was clearly written in a professional way.

The Estonian Business School is dedicated to growth and quality improvement in teaching and research. It appears from the self-assessment report that approximately 15% of the budget may be classified as investments in equipment and human capital. Besides the traditional programmes, BBA and MBA, a Bachelor of IT management was added in 2000 and a Bachelor of Entrepreneurship and Business Administration in 2002. In the same year a MSc in Business Administration was added to the programme 'portfolio'. The EBS also offers a set of parallel 'International Business' degrees that are basically identical with the BBA, BEB, MBA degrees.

The new degrees tap into the resources on which the traditional degrees are founded, and bear witness to a commitment to serve the Estonian business society by offering a differentiated set of specialisations. The strategy and the objectives of EBS are fairly clear and well-defined, and in agreement with the educational policies of the institution.

In the background of the evaluation of the curricula, in the view of the TE, an extremely important point is the *quality of the teaching staff*, especially for institutions with university status. There are different aspects to this issue:

- 1) The way in which new staff is hired and existing staff is promoted. As the other institutions that were visited, EBS is privately owned. The immediate implication is a hierarchical decision structure. Although to all appearances vacancies for new staff are widely advertised, there seems to be little transparency in the way the selection procedure is handled. The EBS Senate – a non-elected body and essentially the emanation of the owners – hires new staff members, appoints Chairholders and makes decisions on promotions. A peer-review system is absent, as in the other private institutions visited. That is not to say however that the best candidate is not selected (the TE would have no basis whatsoever to maintain this).
- 2) The existence of opportunities for scientific research. In universities – as opposed to 'applied higher institutions' – teaching and research should go hand in hand, because of the societal mission of universities and because research enhances the quality of teaching. This implies the following aspects:
 - a reasonable teaching work-load, leaving sufficient room for research. As far as the TE could judge, the teaching work-load of the

staff is fairly high (about 10 hours per week on average), without being excessive. In the self-evaluation report it is mentioned that on average staff members can attribute 25% of their time to research (p. 86).

- *academic freedom*. The TE got the impression that, as far as research goes, staff members had sufficient freedom to define their own research themes, within the limits defined by the Chair.
- *a research-stimulating atmosphere*. A positive development at EBS is the creation, in 2001, of the 'Development Fund for Academic Capital'. This fund creates the possibility that faculty members are given a free term, and receive allowances for travel expenditures for international conferences. This is a clear indication that EBS strongly wishes to develop its research potential. On the negative side, the management of EBS seems to attach a research connotation to consulting work. It is the opinion of the TE that consulting work can be considered to be part of the mission of business schools (if only because it creates positive feedbacks to teaching), and that the management of the school does well to encourage its teaching staff to engage in it, but that it should not be a hindrance to scientific research in the areas of business administration and management, and certainly not be seen as a substitute for it.

- 3) The existence of a quality assurance system and the role of student feedback. The TE found that in this respect the practice at ESB is exemplary. The former operates basically through the Curriculum Committees and the Chairs. The latter seems mainly to operate by means of mid-terms evaluation questionnaires. The TE understood that it is the Student Management Centre that analyses these data and gives feedback to the Senate and the Chairs (oddly enough, the student feedback procedure was not documented in the self-evaluation report). As in the other private institutions visited there seems to be a clear tendency to regard the students as 'customers'. The TE wonders if this does not create an atmosphere by which 'too much' weight is given to the evaluations of the staff by the students, but here again the TE has no basis to assume that wrong decisions have been taken in this respect.

Another point of general interest concerns *resources*. The TE found that, by far, EBS has the best infrastructure of all four institutions visited. The library is large and well equipped in terms of books, periodicals and PC's. Although the collection of professional journals in the field of economics, management and business administration is very reduced, resp. non-existent, this gap is largely filled by the possibility to access electronic databases of scientific journals via internet. A particularly positive point is that the teachers mostly use English language textbooks and that each student can lend these textbooks for free at the library.

The number of PC's for student use in the different PC-labs (87) is ample. Internet access is general and the connection speed is up to standards. Particularly noteworthy is the operation, since the academic year 2000/2001 of WebCT, a web-based learning environment offering a wide range of teacher-student forms of interaction.

EBS has also, by far, the best infrastructure in terms of the building that is used. Many large and well-equipped auditoria, but also office space for the faculty staff. The latter is a necessity if one expects the staff to engage in scientific research. A negative aspect though is that many faculty staff members occupy offices in an 'open landscape' office environment.

THE BACHELOR AND MASTER PROGRAMMES (6343949 Business Administration, 6343993 IT Management, 6343992 Entrepreneurship and Business Administration, 7343950 Business Administration, 7343949 Business Administration)

The Estonian Business School has requested accreditation for altogether five programs BA and MA programmes and one PhD programme. The programme structure is, in the view of the TE in agreement with the Bologna vision and form a fully compatible whole. In this section the three bachelor programs and two master programs are dealt with.

1. Bachelor of Business Administration (6343949)

The programme has been running for almost 10 years, and is in its current shape a conventional BA program. The curriculum contains business administration, economic, language-and-communication courses and 'general' courses supplied with a 'minor' of 9 cp. that define four specialisations. Admission requirements are standard. The degree awarded is either a BBA or a BIBA (Bachelor of International Business Administration). In order to obtain the latter, the thesis must be in English and one term must be spent abroad. None of these requirements are related to the professional field of *international business*, and none of the courses have an i.b. content.

2. Bachelor of IT Management (6343993)

This programme is comparatively new, and has produced no graduates. The programme reflects the demand for IT managers in society, and 45 of 120 cp are dedicated to IT topics. Admission requirements conform with national and international standards.

3. Bachelor of Entrepreneurship and Business Administration (6343992)

This programme is designed and balanced in a way that seems appropriate for its stated goals. It is predominantly taught by a research oriented department with relevant knowledge in the fields covered. Like the BBA programme, it offers an opportunity to acquire a degree in *international business* which is not warranted by the curriculum.

4. MSc in Business Administration (7343950)

The programme was launched in September of 2002. Admission requirements are in accordance with national and international practice. The degree offers four majors, all founded on a well-designed set of core courses. The course offers a choice between a degree in business administration, and one in international business administration. None of the four majors, however, reflect any particular contents of international business.

5. Master of Business Administration (7343949)

The MBA degree is composed of 60 cp and is planned to take one and a half year. In consequence it does not – like the MSc -automatically fulfil the conditions for starting a doctoral study. The MBA aims at lower and middle managers with a wish to boost or change the carrier path. A number of the courses in the specialisation parts share registration numbers with subjects taught in the MSc programme (e.g. FIN 518), but differ in contents (teaching materials, teaching methods etc). The MBA programme offers a straight MBA degree or a degree in international business. The latter does not in any way fulfil criteria for an i.b. contents. The opportunity to acquire a degree in *international business* is again not warranted by the curriculum.

In conclusion, the three bachelor studies and the two master studies *meet the requirements to curriculum*, except with respect to the 'international business' parallelism.

The EBS is adequately equipped with computer and library facilities to meet the needs of the bachelor and master studies. Studies are well and clearly organised, and university support functions appear to co-operate seamlessly with academic units. Information of relevance for the studies are provided on an intranet-based web-tool WebCT, and requests to academic calendar are met. The bachelor and master theses seem to be of reasonable/good quality. The TE has noticed that an unreasonable large share of the students do not finish their degrees in time and that the production of graduates is not sufficient in relation to the number of students enrolled. The TE has not been informed on failure analyses in relation to students' participation or failure to finish grades.

The physical environment yields sufficient space for work as well as recreational activities. Each student has access to her or his personal counsellor (each of which handles around 200 students).

In conclusion, the Estonian Business School *reasonably meets the requirements* to the organisation and the processes of the master and bachelor studies.

The unison message from the EBS students – bachelor and master students alike – has been that EBS was chosen because of its reputation – and in spite of high tuition fees, and that the high expectations of the students are satisfied by the school. The MBA students and graduates saw themselves as agents of change in the Estonian society, and expressed satisfaction with the combination of knowledge acquired at the bachelor level and the skills provided by the MBA program. The close teacher-student relations were emphasised, as well as the possibilities of influencing the curriculum.

The sharp drop in student intake from 2002 to 2003 was noticed, but not explained by the EBS. Still, student intake is sufficient to sustain the differentiated programme that the EBS offers. In combination with the lacking information as to the student flow, mentioned above, the drop in applications warrants some concern.

As to the internationalisation aspect the TE noted the following. In 2001 EBS launched an international MBA programme for Chinese students. In 2003 a BA programme for Chinese (and Indian) students was added. 'Incoming' international students may be a future compensation for the declining home demand. The TE noted that the percentage of EBS students engaged in 'outgoing' international exchange is increasing rapidly.

In conclusion, the team finds that the *requirements to students are largely met*.

6. The degree 'PhD in Business Administration' (8343914)

The nominal study period for the PhD degree to be evaluated is 4 years and the total volume of studies is 160 cp. 15 cp are devoted to so-called 'core subjects', 15 to 25 cp to so-called 'special studies', including also pedagogical practice and consulting, and 120 to 130 cp are devoted to the thesis itself.

The list of core subjects is the following: 'Contemporary paradigms and methods in social sciences' (5 cp), 'Organisation and management' (6 cp) and 'Written and oral communication' (4 cp). The list of special courses contains 12 subjects in different fields in the sphere of management and business administration.

The PhD thesis may consist of a dissertation, or a series of publications, or a published monograph. The 120, resp. 130 cp of the thesis include the participation in scientific

conferences and workshops, the publication of scientific papers, books and handbooks. The amount of credit points allocated to the latter activities is decided by the PhD Curriculum Board of EBS.

Besides the fact that, in the view of the TE, too much degrees of freedom are left in the programme on which the PhD Curriculum Board must decide (i.e., too much space for, possibly, arbitrary decisions), the TE formulates the following remarks:

- 1) The subject 'Written and oral communication' cannot belong to the co-earning part of a doctoral programme. More in particular, the skills of writing a faultless and well-structured scientific text should be considered as a prerequisite. Any PhD text that is submitted should obey to this standard, short of being rejected.
- 2) The subject 'Advanced Micro-economics' (e.g. based on the handbook by Varian *Micro-economic Analysis* (W.W. Norton and Company, 3rd ed., 1992) or by Mas-Colell, Whinston and Green *Micro-economic Theory* (Oxford University Press, 1995)) is a mandatory part in every doctoral programme in Management or Business Administration that the members of the IT know of. This subject, or a similar subject, is missing in the list of core subjects.
- 3) In the list of 12 'special subjects' there are items that do not belong to a doctoral programme, such as 'Business Law' and 'International Accounting Standards'. It is also not very clear to what extent the other 10 courses differ from similar ones that are offered in the MSc in Business Administration programme.
- 4) The TE strongly objects against awarding credit points in the doctoral programme to 'consulting' activities. PhD students, and young researchers should not be bothered with consulting jobs, and should certainly not be able to gain credit for it. Consulting and scientific research in management and business administration are two completely different activities. To a lesser extent the same goes for 'pedagogical practice'.
- 5) Foremost, the TE is of the opinion that the research base of EBS, although growing, has not enough depth to warrant the setting up of a solid PhD programme. Firstly, in the last 5 years the Faculty staff of EBS has published at most 7 articles in peer-review international journals that can be considered as A- or B- journals (i.e., top journals). Although it must be said that the publication pace is increasing, ESB is still a serious distance away from what is needed to be considered a research-based school. Secondly, the School has so far not been able to attract more than one external research projects, e.g. EU Framework projects. The only EU Framework project that has been attracted (and where, for that matter, ESB is the main contractor) is under the 'Innovation & SME' programme and, to all appearances, relates to consulting activities, rather than scientific research. The list of partners of that project does not contain any universities or institutes of higher education.

It is the opinion of the TE that Tallinn, and for that matter Estonia as a whole is too small, and the respective research bases too weak to afford many parallel PhD programmes in management and business administration. The TE applauds the intention to join forces with other universities in Tallinn to create a consortium organising a joint PhD programme. ESB can be a valuable partner in such a configuration.

Conclusion: the TE does not wish to advise 'accreditation' or 'conditional accreditation' to the PhD in Business Administration at ESB.

Part III

General Recommendations

On the basis of the above findings the TE unanimously suggests a number of changes or improvements.

1. EBS should avoid confusion as to the registration numbers of courses. A given number should be well-defined and not change from programme to programme.
2. EBS should avoid using the term 'international' in connection with its degrees, unless the degrees are given a specific content of international business. The current names 'Bachelor of International Business Administration', 'Bachelor of Entrepreneurship and International Business Administration', 'MSc in International Business Administration' and 'Master of International Business Administration' are misnomers and should be avoided. EBS is encouraged to create a real international business aspect in its programme, e.g. as a specialisation in the bachelor programme or in the MSc programme.
3. EBS is encouraged to move to a higher step of internationalisation. This recommendation has two dimensions. First, a number of the partner institutions are polytechnics or at 'Fachhochschule' level and should be substituted by institutions at university level. Second, internationalisation should go further than student exchange and include exchange of staff, participation in international research programs &c.
4. EBS is encouraged to draw a more precise distinction between consulting and research. Currently much 'research' basically consists of consulting, but has a rather limited content of qualified analysis.
5. EBS is encouraged to increase the allocations to the research foundation and to create more flexible rules for the research oriented staff.
6. EBS is encouraged to revise the somewhat muddled organisational chart (see the self-assessment report on page 30), and find a clear terminology as to departments, chairs and 'heads'. This may in addition be a step towards a more efficient division of labour in the organisation.
7. EBS should create precise and transparent rules for the recruitment, promotion and upgrading of the staff.
8. EBS is encouraged to further develop its commitment to TQM and other control mechanisms that may improve the efficient use of resources.
9. EBS is encouraged to seriously consider how to handle the unsatisfactory throughput of students in the programmes at master as well as bachelor level.

10. The PhD programme should be seriously reconsidered in the light of the objections of the TE mentioned under the previous section.
11. EBS should try to enter a consortium or network configuration with other Tallinn universities to organise the PhD programme.

Part IV

Recommendations

THE UNANIMOUS ADVICE ABOUT ACCREDITATION OF THE TE:

The Committee assessed six programmes at the Estonian Business School.

In the opinion of the Committee the following accreditation advice is given:

7343950	Business Administration: Full accreditation.
7343949	Business Administration: Full accreditation.
6343949	Business Administration: Full accreditation.
6343993	IT Management: Full accreditation.
6343992	Entrepreneurship and Business Administration: Full accreditation.
8343914	Business Administration: No accreditation.

It should be a rule that only one programme is offered under a given registration number. The TE strongly suggests that the current misuse of the word ‘international’ in the titles of some of the current degrees is discontinued.