



**Committee for the Evaluation of Business Administration
Study-Programs**

The Hebrew University of Jerusalem

The Jerusalem School of Business Administration

Evaluation Report

April 2007

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Chapter 1 - Background

At its meeting on March 8th, 2005 the Council for Higher Education (CHE) decided to evaluate study programs in the fields of Business Administration during the academic year 2005-2006.

Following the decision of the CHE, the Minister of Education, who serves ex officio as a Chairperson of the CHE, appointed a committee consisting of:

- ***Professor Stuart I. Greenbaum*** - Former dean and Bank of America, Emeritus Professor of Managerial Leadership, U.S.A, Committee Chairperson.
- ***Professor Arnoud W.A. Boot*** - Faculty of Economics and Econometrics, University of Amsterdam, the Netherlands.
- ***Professor Arie Goldman*** - KMART Chaired Professor in Marketing, The Jerusalem School of Business Administration, the Hebrew University of Jerusalem.
- ***Professor Dr. Peter Leeflang*** - Frank M. Bass Professor of Marketing, Department of Economics, University of Groningen, the Netherlands.
- ***Professor Thomas Z. Lys*** - Eric L. Kohler Chair in Accounting, Accounting Information and Management, Kellogg School of Management, Northwestern University, USA
- ***Professor Yair E. Orgler*** - Former Chairman of The Tel-Aviv Stock Exchange, and former Vice-Rector, Tel - Aviv University, Committee Deputy Chair.
- ***Professor David A. Walker*** - John A. Largay Professor, McDonough School of Business, Georgetown University, Washington DC, U.S.A.

Ms. Chen Hadad - Coordinator of the committee on behalf of the Council for Higher Education.

Within the framework of its activity, the committee was requested to¹:

1. Examine the self-evaluation reports, submitted by institutions that provide study programs in Business Administration, and to conduct on-site visits at those institutions.

¹The Document with Terms of Reference of the committee is attached as **Appendix 1**

2. Present the CHE with reports for the evaluated academic units and study programs - a separate report for each institution, including the committee's findings and recommendations.
3. Submit to the CHE a separate report regarding the examined field of study within the Israeli system of higher education.

The entire process was conducted in accordance with the CHE's Guidelines for Self-Evaluation (of October 2005) and on the basis of the Specific Questions for the Fields of Business Administration which were compiled by the committee.

Chapter 2-Committee Procedures

The Committee held its first meeting on January 11, 2006, during which it discussed fundamental issues concerning Business Administration study programs in Israel and the quality assessment activity.

During the months of June-July 2006, the committee members received the self-evaluation reports and in September 2006 they began to hold discussions regarding these reports.

In November-December 2006, the committee members visited the institutions. During the visits, the committee met with officials of each institution as well as faculty and students.

In accordance with the committee's request, each institution publicized in advance the committee's visit and it invited academic staff members, administrative staff and students to meet with the committee in order to express their opinions concerning the Business Administration study programs.

This report deals with the **Hebrew University of Jerusalem - the Jerusalem School of Business Administration.**

The committee's visit to the Hebrew University of Jerusalem took place on December 21, 2006. In order to avoid the appearance of conflict of interests, Prof. Goldman, who is a faculty member of the assessed institution, did not participate in the evaluation.

The schedule of the visit, including the list of participants representing the institution, is attached as **Appendix 2.**

The committee members thank the management of the Hebrew University and the School of Business Administration for their self-evaluation report and for their hospitality towards the committee during its visit to the institution.

Chapter 3: Evaluation of the Hebrew University of Jerusalem - the Jerusalem School of Business Administration

The evaluation is based on the information and the data provided in the self-evaluation report, the committee's visit to the institution and the general impressions of the committee.

Background

The Hebrew University (HU) traces its history back to 1882, but became active in 1925. It has served as the model for all the universities subsequently established in Israel. In 2005, HU served 21,000 students including about 12,000 undergraduates, 6,500 masters students and 2,500 Ph.D. students. The Jerusalem School of Business Administration (JSBA) was founded in 1957 as part of a renowned Economics Department and was the first university based business school in Israel.

In 1970, the JSBA became an independent unit within the Faculty of Social Sciences which included strong and even dominant departments such as Economics. In 1997, the JSBA was granted independence from the Faculty of Social Sciences, but seems to lack many of the privileges of an independent Faculty including presence in Hebrew University governing bodies. Due to internal discord and lack of faculty leadership, the University appointed in 2005 an astrophysicist as Dean of the School. The Dean appoints academic managers for each of the study programs and the seven disciplinary specializations such as Finance and Banking and Marketing.

Programs

The School offers two undergraduate degrees: one in Business Administration and one in Accounting. Both are double-major programs where the second specialization can be almost any other field offered at Hebrew University. The most popular second major is Economics.

The School offers two MBA programs: A professional track requiring major and minor fields of study but no thesis and a small thesis track for students wishing to pursue a Ph.D. In addition, the School offers joint MBA programs with Law, Computer Science and Agriculture for especially talented undergraduate students. The School also offers two executive programs, one in integrative management and one in financial engineering and banking.

The School operates a Ph.D. program with approximately 30 students. One to three graduate each year. There are very few classes for doctoral students. The main

exception is in Marketing where seminars are offered jointly with the Recanati Graduate School of Business Administration at Tel Aviv University. Graduating Ph.D.s received tenure-track offers both from Israeli universities and leading universities abroad.

Faculty

The self-examination report lists 29 faculty members which is less than 20 years ago, and during our visit an even smaller number was mentioned. The largest group (12) is in finance and banking while other areas of study suffer from acute faculty shortages. For example, Accounting presently has only one senior faculty member. Consequently, a large proportion of classes is taught by adjuncts, ranging from 91 percent in the BA in Accounting program to 44 percent in the MBA program. The teaching staff includes seven lecturers hired in recent years, but much more needs to be done.

Students

The undergraduate population has been relatively steady in recent years at about 800, almost equally divided between the business administration and accounting programs. The number of MBA students has risen gradually to about 500 last year. Admission requirements are demanding in accord with a high quality student body.

Students we met expressed dissatisfaction with the support provided by teaching assistants (their number has declined from 35 to 21 over the last five years due to budgetary cuts). The students also complained about the quality of teaching by some of the more senior faculty members. Ph.D. students complained about the lack of Ph.D. courses, lack of support in statistical analysis and uncertainty about future financial support. Also heard were complaints about undergraduate law students populating MBA classes with negative effects on the pace and depth of instruction.

Research

A strong emphasis on research at JSBA continues despite budget cuts and increased student/faculty ratios. The quality and quantity of faculty publications has been maintained at a high level even if the distribution of publications across the faculty is other than uniform. Research performance remains almost the single criterion for promotion although one bitter criticism of a possible decline in

promotion standards was heard. Faculty members win a respectable share of competitive research grants, 10 of 30 ISE grants in Economics and Business last year as well as grants obtained from international sources such as the European 5th and 6th Framework.

The Self-Evaluation Report

The report is detailed and well prepared. It is frank in spelling out the weaknesses along with the strong points and the many achievements of the School. Understandably, the problems with internal discord, the lack of faculty leadership and a realistic strategy are understated.

Evaluation

Although HU and many of its component entities have achieved world-class status, the business school has never fully realized its potential. This, despite the school being home to numerous faculty of global renown.

For years, the business school was subordinated to a justifiably proud Economics Department. It also has a history of discord and strife. Moreover, the University, like so many around the globe, sees the business school as slightly *de classe*, and is therefore loathe to accord it the autonomy necessary for self-realization. Failure to grant the autonomy and requisite resources, however, will continue to inhibit the development of the business school and probably doom the enterprise to long-term mediocrity.

Frank discussion of the JSBA mission is critical. Does the business school have the mandate to pursue excellence, or is the University content in maintaining a serviceable professional school staffed with a large contingent of adjunct faculty? This question must be candidly addressed by all stakeholders, but most importantly by the University administration for it is they who will need to cede resources and additional autonomy—particularly with regard to external fundraising and program expansion—if excellence is to be seriously pursued.

Under current arrangements, the business school can continue to serve its student constituents even if at a less than exemplary level. For example, the school can turn its location into something of an advantage and continue to exploit the formidable reputation of the University. But it will not be able to attract and retain the

world-class faculty necessary to compete with the world's best business schools, or even the top 30.

A critical issue that needs to be addressed is the leadership and strategy of the JSBA. Experience shows that leaders are able to turn around business schools. Finding such a person should be a high priority of the University. A strong, reputable leader in management education should be hired and provided the resources needed to achieve excellence at JSBA.

In considering mission, we should ask if the school's focus is optimal, given its geographic location. More specifically, given that Jerusalem is Israel's governmental and administrative center, and notably not its commercial and financial center, wouldn't it make more sense to position the school as a "management" rather than a "business" education center? This debate has been standard fare in the industry for decades, but for HU it seems particularly germane. The School already has a wide but incomplete range of joint programs. A focus on management would prompt examination of the Engineering/MBA, MD/MBA, the MSW/MBA and perhaps still other collaborative programs. Such initiatives would energize a developmental thrust and enrich the inter-disciplinary scholarship already in evidence.

A serious commitment to reinvigorating management education at HU is likely to require the following:

- Hire a recognized leader in management education as Dean and find a way to compensate him/her in accord with the global rather than the local market.
- Convert the school to a Faculty of Management so as to signal a reorientation and an elevation in status and priority for the management education enterprise.
- Provide new physical facilities for the school in keeping with those of world-class business schools.
- Double the size of tenure-track faculty.
- Re-examine appointment and promotion (tenure) standards to be sure they have not been compromised.
- Academic and career counseling for students will need to be upgraded.
- A major investment in curricular reform, at both the undergraduate and graduate levels, would seem to be warranted. Points of special focus should include entrepreneurial studies, English fluency for all graduates and integrity, the last subsuming corporate governance and social responsibility.

- Seek AACSB and/or EFM accreditation.

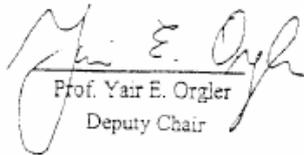
In order to implement the above agenda, a major infusion of resources will be necessary, but the good news is that well-managed business schools are able to raise money via gifts and executive education. But this will require the blessings of a University administration willing to accept possible criticism around the issue of compensation variance across the University. Stakeholders will need to be engaged, and investments in outreach will be necessary. For example, almost every leading business school has an active advisory board of business elders. This seems to be missing at JSBA. In addition, the alumni outreach efforts will need to be invigorated in a major way.

The above is an ambitious program that promises to establish the management education enterprise at HU to world leadership with regular appearances in the league tables of the rankers. But HU should aspire to no less. Frankly, it is unthinkable that one of the world's great universities located in the capital of one of the world's foremost centers of innovation would eschew the opportunity to develop such an invaluable community asset.

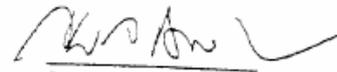
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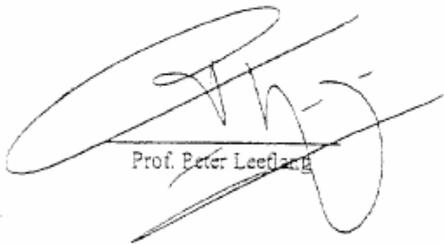
Prof. Stuart I. Greenbaum
Chairperson



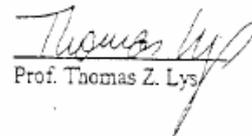
Prof. Yair E. Orgler
Deputy Chair



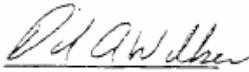
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