



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

**The Interdisciplinary Center Herzliya
The Arison School of Business**

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 **Arison School of Business, the Interdisciplinary Center Herzliya.**

The committee's visit to the Interdisciplinary Center took place on November 21, 2006. 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 Interdisciplinary Center and the Arison School of Business for their self-evaluation report and for their hospitality towards the committee during its visit to the institution.

Chapter 3: Evaluation of the Interdisciplinary Center Herzliya - the Arison School of Business

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 Interdisciplinary Center (IDC) was established in 1994 and accredited by the Council of Higher Education in 1999. The total number of students is 3208. Approximately 10% are master students (without thesis); the other are bachelor's degree students. IDC is a private not-for-profit institution.

The Arison School of Business (Arison School hereafter) was established in 1995, and has 643 BA students and 165 MBA students. The BA degree has been awarded since 1999; the MBA degree since 2003. The Arison School offers two undergraduate programs: Business Administration and International Business Administration (the latter is taught in English). Both are full time (20 hrs per week) 3 year programs.

The MBA program requires a minimum of 18 months for completion. An international (in English) MBA program is being planned. The school participates in several study abroad exchanges.

Organizational structure and mission

The Arison School is an independent unit within IDC. The independence extends to all academic issues (except promotions to professorial ranks) but not to administrative issues. The (incoming) dean is an able and ambitious academic. Committees on student affairs, admissions, teaching, appointments and the academic council govern the school.

IDC's Higher Academic Council, which includes representatives of all schools, coordinates the Arison School's initiatives with the mission of IDC at large. The Higher Academic Council also plays a key role in tenure and promotion decisions, as well as the appointment of deans in the Schools.

The overall mission is framed in the usual general terms:

- Excellence in teaching;
- Excellence in academic research;
- Commitment to society.

More specifically the School aims to be “a leading business school that excels in teaching and research, with ties to the business community in Israel.” Graduates are expected to “command multiple skills and achieve high-ranking positions in Israel and abroad”.

Teaching programs

The teaching programs aim to prepare students for professional roles in business, with an emphasis on in-depth knowledge of key business disciplines (marketing, finance, entrepreneurship and information technology), and from there encourage interdisciplinary thinking. The BA programs are full time; the MBA program is part time with classes late in the week (Thursday afternoons and Friday mornings).

Faculty

Arison School has 18 full-time faculty members (16 senior; 2 junior), most have taught at leading US business schools and hold US Ph.D. degrees. Some adjunct faculty is present as well. The full-time faculty is heavily concentrated in Finance. Appointments and promotion procedures are based strictly on research (including outside letters) and teaching. Permanent faculty teaches about one third of the courses. Adjuncts teach the rest.

Students

For BA (automatic) admission: average matriculation examination grade of 100 at minimum, and psychometric grade of 700 at minimum. Regular admission 95/650. Currently the average scores of students enrolled are lower due to special arrangements/programs that are being phased out. For the MBA program: combination of BA-average, GMAT and a minimum of 3 years of professional experience is required for admission.

Research

Many permanent faculty members have extensive research credentials. These reflect the emphasis on hiring accomplished researchers. Promotion standards clearly require research bona fides, and the school is in process of improving the research environment in order to encourage research activities within the School. The School has no Ph.D. program, nor do the other programs involve thesis requirements. This is an impediment to research.

Physical infrastructure

The School is housed in a modern, state-of-the-art facility. Offices for permanent Arison School faculty are on the IDC campus, but not in the Arison School building. The self-examination report indicates adequate computer facilities for students.

The self-evaluation process and report

The VP of Academic Affairs of IDC handles the IDC-wide quality evaluation process. The Dean and Vice-Dean of the Arison School handle the self-evaluation of the business school. The quality of the report is commendable and there is sufficient self-criticism in the report.

Observations

- IDC and the Arison School in particular have tried, and to some extent succeeded, in establishing a modern business school in the US tradition. The teaching programs are well received, yet the academic credentials of students are weaker than desired.
- IDC is however still a very young enterprise, and the long-term strategy needs refinement. Ambitions are lofty including: i. plan for new international MBA; ii. plan to improve quality of entering students; iii. plan to attract new faculty in core areas and, iv. expand research support.
- The school clearly has achieved much in its short life. In particular, IDC i. has built impressive links with industry, ii. has created a high quality teaching environment with extraordinary student access to faculty and administration, iii. has built a strong brand name. There is a high morale among faculty, students and administration and a palpable momentum toward self-improvement. IDC has numerous competitive advantages in the Israeli market for higher education. It is considered a high quality higher education venue without the budgetary problems that plague Israeli public universities. It can offer considerably higher faculty salaries, and be much more entrepreneurial and less bureaucratic. IDC's emphasis on English language programs is market augmenting and permits the hiring of faculty less fluent in Hebrew.
- The school realizes that its current position cannot be a steady state. Established, research-oriented faculty are being hired, but little internal

faculty development takes place. Relatively little research is done by the established faculty after being hired. High administrative loads (on top of regular teaching loads) are possibly the reason. Fostering an environment where research is encouraged and supported should be a priority, and this is recognized by the faculty and administration. Apart from strengthening the faculty and research environment, IDC also sees improving the quality of incoming students as a priority.

Recommendations

The Committee supports the general direction of the school. It recommends four key initiatives that promise to strengthen the school:

- i.** Articulate and operationalize the mission, vision and values of the school. IDC should define its core distinctive competitive advantage. While building an American type business school with a combined teaching/research mission is fine, it would be helpful for the school to define particular strengths that it can exploit based on its location and unique position within the Israeli system of higher education. Its history seems to limit its vision to trying to be “better than Tel Aviv University”. More can and should be done to refine the School’s strategy.
- ii.** IDC’s objective to strengthen its research mission is laudable. The standing and ambitions of IDC clearly support this objective. IDC should develop an environment that nurtures junior faculty. Hiring of senior faculty in areas beyond the current strength in finance is important, yet fostering an environment where junior faculty can succeed and develop is of equal importance. Encouraging and supporting a research environment that nurtures junior faculty is crucial for this. This requires - among other things - a careful organization and streamlining of administrative and teaching obligations.
- iii.** IDC should expand its cooperation with other institutions in Israel and abroad. Possibilities in this realm include:
 - a joint Ph.D. program with other Israeli universities. Israeli universities and colleges are too small to have their own efficiently run Ph.D. program. Joint programs (e.g. the Tinbergen Institute in The Netherlands) could offer numerous benefits. See the general part of

the Committee's report. IDC could play a leading role in consortial arrangements, particularly in the field of Finance.

- IDC's current international orientation is exclusively to the US. This is unduly limiting since several European universities (Toulouse, LSE, Amsterdam, Brussels, Mannheim, Lausanne, et. al.) have created strong inter-university cooperation, including for their Ph.D programs. IDC should explore the possibility of joining such cooperative endeavors.
- IDC should expand its international network and research orientation by creating *visiting* positions for faculty and possibly post-docs.
- Expanded student exchanges could advance the "cooperation strategy".

iv. IDC should build upon its current strengths. IDC's student orientation could be fostered by strengthening its career services. And the superior corporate links would clearly benefit from further expanding the alumni program. The latter also would help in fundraising and help reduce IDC's heavy dependence on tuition income, which in turn could allow IDC to tighten admission requirements.

v. The self-evaluation report and various comments in the Committee's onsite meetings with faculty and staff point to some budgetary concerns. However, the Committee's interactions with the leadership of IDC and its business school seem to indicate that money is not a pressing concern. Finding and hiring new faculty is the overarching concern.


vi. The Committee strongly supports existing initiatives like the set-up of a "research authority" that identifies and addresses the research needs of the faculty.

vii. A faculty recruitment strategy that is highly specific and constrained (e.g. "strengthening marketing at the senior level") will be more difficult and time consuming to implement. A less constrained approach that focuses on quality exclusively is more likely to meet with timely success. Finding high quality business school faculty is difficult enough without adding disciplinary constraints. Indeed the salary differential vis-à-vis the US is substantial, particularly at the junior level. Note, however, that this problem is faced by virtually all universities outside the US. Several European

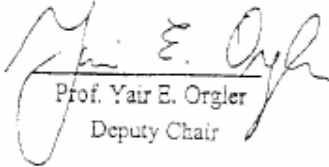
universities have nevertheless been successful in hiring high quality faculty, and nurturing junior faculty. Learning from these experiences is important.

Overall, the Committee is favorably impressed with IDC's progress in its brief life. However, as IDC realizes, its current position is not a steady state. It is at a critical juncture, and much is needed to accomplish its lofty ambitions.


Signed by:



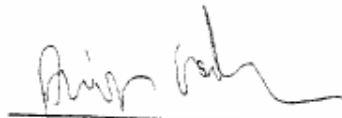
Prof. Stuart I. Greenbaum
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Deputy Chair



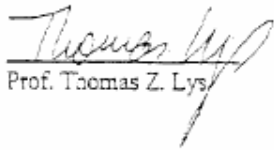
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