

PEER REVIEW REPORT
FOR
ISM UNIVERSITY OF MANAGEMENT AND ECONOMICS
VILNIUS, LITHUANIA
RE-ACCREDITATION
NOVEMBER 2012

OVERALL RECOMMENDATION

Based upon the review of the self-assessment report submitted by ISM and the peer review visit, the team recommends that ISM be granted re-accreditation of their IQA accreditation for the full period allowed.

INTRODUCTION

The peer review committee that visited ISM in November 2012 consisted of Dr. Randolph Kudar, the IQA Accreditation Director, and Mr. Elio Vera, Director of CESMA. The peer review visit was held on November 19-21, at the premises of ISM University of Management and Economics, Vilnius Lithuania.

Prior to the visit, the two members of the peer review team read and analyzed the self assessment report submitted by ISM. Based upon this report, the team compiled a series of questions and groups that it wanted to meet with during the visit. The staff and faculty at ISM made arrangements for the itinerary of the peer review visit. This schedule is presented in Appendix A to this report. During the visit, the peer review team had open access to all the personnel at the Institute as well as alumni, and participants in the programs that were operating in the facility while the team was visiting.

Based upon the contents of the self assessment report, and the interviews with the various groups at the Institute, the peer review team made several observations and recommendations. These are presented in the following parts of the report.

The Peer review committee would like to give a special thank you to Ms. Jolita Butkiene who made all the arrangements, reservations, and agendas for the visit. It made the trip a real delight.

FINDINGS

Focus

In their self assessment report, ISM stated that their mission was to be a dynamic and modern European University of management and economics serving the life-long needs of individuals, business and society. This mission was published in the student guide and issued to all candidates in all programs. However, the peer review committee noted that the students in the programs were not really aware of what the mission was. They tended to articulate the mission in terms of quality, and the creation of good managers. A similar experience was found when the issue was raised with external parties and with alumni.

The conclusion of the peer review team was that the mission needs to be more actively communicated to the stakeholders of the institution. The message is not currently being heard by most of the groups that the peer review committee met with.

Governance

The Norwegian business school BI owns 50% of ISM. ISM is the first private university in Lithuania. It is run as an autonomous institution. It has a board composed of representatives from the school, from BI, and from the local business community.

In the meeting with the board members, it was apparent that the breadth of the membership of the board is very useful to the school. They provide a wide range of viewpoints and opinions that are valuable to the leadership of the school in pursuing its goals and objectives.

Strategy

In the self assessment report, ISM indicated that its strategy to achieve its mission involved the creation of knowledge and skills. It intended to pursue the highest quality of training programs, and relevant research. This involved the development of fundamental and applied research in respective fields, and the preparation and publishing of academic works, textbooks and teaching materials.

Within their programs, the strategy indicated that they intended to have higher specialization in marketing, thanks to increased public funding support. ISM saw a widening of the gap between the theoretical perspective presented in Universities and the applied perspective found in Colleges. As a result, they felt that ISM had positioned itself as a business school for specialization and business focus associated with small and medium sized companies. Their focus was on the development of competencies in management and economics using an interdisciplinary approach.

One of the issues raised by the members of the board was the need for a more aggressive strategy of internationalization. This is predominantly an undergraduate school. Currently they are facing a shrinking undergraduate market. Many of the brightest students in the country are looking outside of Lithuania for their undergraduate education. This reduces the number of candidates applying to programs. At the same time, there are an insignificant number of foreign candidates coming to Lithuania and to the school.

Facilities

ISM currently operates out of two facilities. The original school was located in Kaunas, in a renovated factory. This facility is still in operation. The school also operates out of a former

monastery located within the old city of Vilnius. Both properties are leased and not owned. The facility in Vilnius is the major location today. It has the largest group of students and programs.

We found that the classroom facilities in both locations were modern and very well equipped. Both locations have facilities for IT and for library. There is also a cafeteria at the location in Kaunas. Both facilities have provided facilities for the activities of the undergraduate students in their programs.

In Vilnius, the facility includes a very large auditorium with tiered seating that can be subdivided into three separate classrooms or opened up to accommodate very large groups of more than 500 people. As well, in Vilnius ISM has developed an executive wing where the executive MBA program is conducted. Here the class rooms are smaller and are a combination of tiered seating and a flat floor area. The IT facilities are up to date with labs and classrooms in both locations.

There are office facilities for the faculty at both locations. The conclusion of the peer review committee is that the facilities are modern, well equipped and suitable for outstanding class sessions.

Faculty

Since 2005 the size of the faculty and staff has increased from 73 people to 136 in 2011. The school looks for faculty who are professional in their knowledge, and can provide quality teaching and research. The current plan is that the full time faculty teach the required courses in the programs and are responsible for research activities. It is expected that the full time faculty would cover 75% of the work load. Currently the salaries of the faculty are at two to three times the level paid to faculty working at the state universities.

The age distribution of the faculty is very healthy. Currently the faculty range in age from 30 to 60 years. The faculty consists of both women (42%) and men (58%).

Faculty development is predominantly internal and focused on research skills and teaching skills. In examining the intellectual output of the faculty it was seen to be consistent, plentiful, and varied.

The peer review found the faculty to be very open and engaging in the discussion. They cover a wide variety of disciplines and activities. They are very strongly committed to high quality teaching, and research in their chosen fields. While most of the faculty are from Lithuania, there are a significant number of faculty members who are from other European countries.

Administration and Staff

ISM possesses an extensive administrative operation. They have an admissions office for all of their programs, a career management office, alumni affairs, international affairs, IT, and library. All of these facilities are located on site in Vilnius as well as branches of them in Kaunas. The

objective of ISM is to a technologically advanced institution. They are interested in improving the information and technical literacy of the staff. They seek to implement efficient information systems and self support services.

The library facilities are assessed to be a leading source of management and economics information in the country. The facility contains over five thousand titles and eighteen thousand copies of books and publications. The candidates can get hard copy or can access the materials on line. The Librarian is responsible for the subscriptions of the library.

The career management center has been put in place to assist the students and alumni with job opportunities. They provide information and assistance for students seeking internships at companies, and in developing interviewing skills.

The international office is charged with the task of improving partnership profiles with other institutions. They seek accredited institutions in order to establish partnerships. As well, they arrange to send faculty and staff out for work experiences, and ask them to return and share the knowledge gained with the other members of the institution.

In meetings with students, alumni, and external parties, one of the continual positive comments was the praise that was given for the customer service approach of the administration regarding activities of the school. Everyone commented on how quickly and professionally the staff responded to inquiries, opportunities, and applications. It made interaction with the school very positive in the eyes of others.

Candidates

The candidates for the undergraduate programs are drawn from the top tier of the students graduating out of high school in Lithuania. ISM has become the second choice for the best students after their choice to study abroad.

In the graduate program, the candidates must demonstrate commitment and motivation to the program. Each candidate must have an undergraduate degree. Currently most of the candidates are from non-business fields. The English skills of the candidates must be classified as being at the upper intermediate level. Currently there are very few international candidates for these programs.

The executive programs ask candidates to have an undergraduate degree, four years of work experience, and high English skills.

The Ph.D. program has a steady enrollment of approximately five to seven people per year. In the past few years, the trend has been toward full time involvement and study. Since the program began, the school has graduated 25 candidates. On average, each candidate has had five publications accepted while in the program.

Currently, the undergraduate program and the graduate program are experiencing about 70% graduation levels annually. The Ph.D. program has seen a 64% completion rate. The candidates are taking about four years when working full time in the program and six years when working part time.

Programs

ISM offers a wide array of programs in four different groups, undergraduate (6), graduate (2), Ph.D. (2) and executive (2). This has been a major growth from the number of programs that were offered at the time of the previous CEEMAN accreditation in 2005. (2 in Undergraduate, 1 in Ph.D. and 1 in executive).

In the undergraduate programs the students can specialize in a functional area. There is a strong integration between business practice and research. Many of the faculty are practitioners and are heavily involved in the teaching programs. As well, the students have many opportunities to earn double degrees from partner schools of ISM.

It is possible for candidates in the graduate programs to earn a double degree with BI. To achieve this, the candidates must take one half of their program at BI in Norway. At this point in time, there is no double degree available in the finance program although this is currently being looked into.

The dominant graduate program at this time is the marketing program. Unfortunately the finance and economics program is gradually shrinking in enrollment. The Master of Management program is based upon the BI curriculum for such a program. This program is managed together by ISM and BI.

In the executive school, the emphasis for the programs is on expertise, internationalization, relevant research and high quality teaching. Candidates in the program select three of ten possible modules and have an additional semester to complete a thesis. The structure of the program is modular.

In the case of non degree programs, ISM offers over 200 training programs that area either open to the public or in house to a specific client. The open sessions are usually five to sixteen days in duration and are generally delivered in Lithuanian.

The peer review committee observed that there was a very strong commitment to ISM by the current students in the various programs. The students commented that the quality and reputation of the school was one of the major reasons why they were attending ISM. They commented on the high quality of the faculty and the class sessions. They appreciated the format of the programs, particularly in the graduate and executive programs. The modular structure was very helpful in enabling the candidates to continue with their full time employment while they

studied. The candidates also felt that it was very important that the faculty and the students possessed strong English skills for the class sessions.

The peer review committee noted that in the executive program there was no stated core of courses that candidates were required to take. Rather, each candidate could tailor an individual program. As well, there was no set time to finish the program. Candidates could start the program with a module and not take another for several periods or ever. Many of the candidates were simply taking one or two modules to update themselves in particular areas rather than deliberately working toward a degree. Many candidates felt that this was one of the major attractions of ISM for them.

Alumni

The peer review committee met with a group of alumni at the school. The alumni expressed very strong support and caring for ISM. They were very appreciative of the networking opportunity afforded them as members of the ISM alumni. They commented on the fact that they felt their experience at ISM had provided them with a very different and beneficial way of thinking about themselves, their companies, and their careers. They indicated that they had achieved a new high level of self confidence in their abilities. They felt that the school had enabled them and encouraged them to take responsibility and do it themselves.

They also commented on the desire for a greater emphasis on internationalization. They felt that there needed to be updates on the business aspects of business to business as opposed to business to consumer. The graduate and executive candidates commented on the fact that there was a need for some thought regarding the timing of the master's thesis. This was creating stress on the candidates.

Business Model

ISM is a self funding institution of higher education in Lithuania. The major source of its revenue is from tuition of students in the programs. Currently 60% of the revenues are from students in the undergraduate programs, 9% from graduate student programs, 20% from executive programs and the balance from state study vouchers for undergraduate candidates.

On the cost side, ISM pays about 15% of revenues for renting the two facilities, 33% for faculty salaries, 33% for staff salaries, 5% for marketing costs, and 8-10% for supplies, subscriptions, equipment etc. This leaves a margin of approximately 3-5% of revenues.

The plan at this stage is to continue to rent the facilities at both locations rather than invest in owning new facilities.

There are some issues on the horizon for ISM. One is the gradual decline in the number of potential students going into undergraduate programs in Lithuania. A second issue is the proposed changes in the government study voucher program. Currently vouchers are extended to

the top candidates enabling them to finance most of their education at a state institution. However, there is a possibility that the voucher system will change in such a way that each student will be eligible for some smaller voucher but it will be insufficient to pay for full tuition at a state institution.

The approach at ISM is that they charge a high premium in their undergraduate program for tuition. For those applicants who have the best admission scores, ISM provides a scholarship to them that enables them to attend ISM without paying the difference between the government study voucher and the level of the tuition. In subsequent years of the program these candidates can get up to a 75% discount on their tuition. There are also discounts offered for those candidates who are active participants in the university's social life. Free tuition is also offered to students who place first in international academic events. They can also continue their studies for free in the masters program. This change could increase the cost of scholarships to ISM.

PRME Activities

Within several of the program, ISM has incorporated courses that address the issues of PRME. At the undergraduate level, there are compulsory courses in business ethics, and in social responsibility. There is also a joint intensive course on Sustainable business.

In the international Marketing and Management program, there is a course on Corporate Responsibility. Each candidate must write an essay on a topic of social or corporate responsibility. In the past few years, several candidates have focused their master's thesis on these topics.

In the Masters of Management program, the leadership module includes sessions on social capital and responsibility. Elements of these topics are also included in several executive education programs.

The school makes an effort to have the students involved in numerous projects throughout the year addressing issues within the local community.

Summary

The peer review committee felt that ISM is a very high quality and strongly focused institution within Lithuania that is working to develop business education at the highest level. The content, delivery, and service aspects of the school are noticed and appreciated by the people that the peer review team met. There is a strong responsiveness and commitment of the school to opportunities that present themselves to the school. They are seen as a very high quality operation relative to the other options within the Lithuanian market.

The facilities have been modernized and are in excellent condition. The school has ensured that there is easy access by the students to assistance, having the student services on the main floor of the building. There is a continuous flow of intellectual capital being generated by the faculty in

the school. The demographics of the faculty are excellent as it is well balanced both in age and gender.

There are weaknesses that do exist. The first is the communication of the mission of the school. While it is easily available to people, it is not really read or discussed. The surrogates that are stated by the stakeholders suggest that they see the mission of the school in different ways. These are complimentary in the sense of high quality, and the creation of good managers, but do not really talk about the larger picture stated in the mission statement.

There is an important issue on internationalization. This was articulated by members of the board, as well as by students and alumni. There is a strong need to do more in this area.

RECOMMENDATIONS

The peer review team would like to offer the following recommendations for ISM.

Future of the Undergraduate Programs

The reality is that Lithuania is facing a declining birth rate and that will have a long term effect on the magnitude of the incoming pool of candidates for the undergraduate program. There is also a strong trend for the best students to seriously consider taking their undergraduate education abroad rather than in Lithuania. As well, we previously discussed the possible changes in the government policy regarding study vouchers for students out of secondary school. This could have implications for the scholarship and discount program that ISM offers for the best students out of secondary school.

It will be necessary for the school to think about what advantage it can offer to the top students in order to attract them to ISM despite the higher tuition than is charged at state institutions. This might require a much stronger marketing program emphasizing the quality of education, the development of self confidence, and the innovative thinking approach mentioned by alumni.

Another thing to consider is the possibility of operating joint programs with non-social science disciplines. There are likely to be technical schools and schools of engineering that might be interested in developing a joint degree program in engineering and business. Many of these schools will have very bright outstanding candidates who have selected a technical path but would benefit greatly from having some business education as part of their curriculum.

Strategic Move Forward in Research

As a school that is committed to high quality teaching and education, it will be necessary to examine and clearly define what is meant by research in your context. It is much easier to measure research output and possibly quality than it is to measure quality and output of teaching.

In an environment where these things are critical to continued employment and promotion, there is a tendency to rely upon the easier measures than the harder ones.

It would be helpful to consider defining what is meant by output of research and teaching. It might even be interesting to consider if they are really two different things. One thing that might be considered is to think about intellectual contribution of the faculty to the institution. This can take many forms and most of them have a role to play in developing the reputation and stature of the institution.

Think about the ultimate purpose of the intellectual capital for the institution. Some of it can contribute to the academic reputation of the school. Some of it can contribute to the quality of the educational experience of the candidates in the programs. Some of it can contribute to the development of the business community as a competitive factor in a global economy. By taking the time to communicate clearly what is meant by intellectual capital for the institution, the school can pursue a wide variety of activities that all work to enhance the image and reputation of the school.

Kaunas Campus

This is a small intimate facility that is the origin of ISM. It is located in a community that has a high regard for the institution. However, it is less than half the size of the campus at Vilnius and requires almost a full complement of staff to operate it. At the same time, the faculty must travel there or from there to Vilnius to fulfill their teaching assignments. Currently only a few of the programs offer class sessions there. This results in a duplication of services and staff for ISM.

It would be useful for ISM to examine whether the Kaunas campus still has a useful role to play in the development of the institution. Certainly one comment was the fact that the students appreciated the smaller classes that were available at Kaunas. It might be useful to look at your academic results and determine if the smaller classes at Kaunas are resulting in better outputs from the students in their programs than the larger classes in Vilnius.

In the event of economic stress, it may be necessary to consider withdrawing from this location.

Operating in an On-Line World

We are operating in a very different world than the one that academia was designed for. Today, it is possible to communicate across the world instantaneously from your laptop. There is no longer a need to be physically present at conferences, and classes to communicate and interact with students and peers. What implication does this hold for ISM as it looks ahead?

We would suggest that you think about the implications of the on line world as it relates to any research program or effort. The nature of publication might be very different, given that it is possible to put the ideas and documents out into the public domain much quicker and easier than ever before. Similarly in the delivery of education and classes, the technology is enabling us to

bring experts from around the world into the local classroom and allow the students to interact with these people. Part of the internationalization strategy might involve looking at ways to have faculty from other places video conference with your students in Vilnius. Similarly it might be possible to talk about the development of student projects using teams of your students and students from other institutions taking the same courses from the same faculty members. This could be a way to enable the brightest secondary school graduates who would like an international education to have access to many other schools and faculty without the cost of travelling and living in a different country.