



**Committee for the Evaluation of Business Administration and
Management Study Programs**

General Report

December 2015

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Chapter 1: Background

The Council for Higher Education (CHE) decided to evaluate study programs in the field of Business Administration and Management during the academic year of 2014-2015.

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

- ***Prof. Russell Winer*** - Stern School of Business, New York University, USA – Committee Chair.
- ***Prof. Jane Fedorowicz*** - Bentley University -Massachusetts, USA.
- ***Prof. Jefferey Callen*** - Rotman School of Management, University of Toronto, Canada.
- ***Prof. Simon Benninga*** - Recanati School of Business Administration, Tel Aviv University, Israel¹.
- ***Prof. Arnoud Boot*** - Professor of Corporate Finance and Financial Markets, University of Amsterdam, the Netherlands.
- ***Prof. Stuart Greenbaum*** - Olin Business School, Washington University in St. Louis.
- ***Prof. David Mazursky*** - The Jerusalem School of Business Administration, the Hebrew University of Jerusalem, Israel.

Ms. Maria Levinson-Or served as the Coordinator of the Committee on behalf of the CHE.

Within the framework of its activity, the Committee was requested to:²

¹ Sadly, Professor Simon Benninga passed away prior to the development of this report. However, his contributions to this report were numerous and invaluable.

² The Committee's letter of appointment is attached as **Appendix 1**.

1. Examine the self-evaluation reports, submitted by the institutions that provide study programs in Business Administration and Management, and to conduct on-site visits at those institutions.
2. Submit to the CHE an individual report on each of the evaluated academic units and study programs, including the Committee's findings and recommendations.
3. Submit to the CHE a general report regarding the examined field of study within the Israeli system of higher education including recommendations for standards in the evaluated field of study.

The entire process was conducted in accordance with the CHE's Guidelines for Self-Evaluation (of September 2013).

Chapter 2: Committee Procedures

The Committee held its first meetings on 17.03.2015, during which it discussed fundamental issues concerning higher education in Israel, the quality assessment activity, as well as Business Administration and Management Study programs in Israel.

In March 2015, the Committee held its first round of visits of evaluation, and visited Ben-Gurion University, the Hebrew University, Tel-Aviv University, the Interdisciplinary Center Herzliya, the Technion, and the College of Management. In June 2015, the Committee held its second round of visits of evaluation, and visits the Open University, University of Haifa, Netanya Academic College, Ruppin Academic Center, Ono Academic Center, Ariel University, Bar-Ilan University, and the College of Law and Business. During the visits, the Committee met with various stakeholders at the institutions, including management, faculty, staff, and students.

This report deals with the general issues facing Israeli business programs determined by the committee after visiting all 14 schools and evaluating 15 programs.³

³ We evaluated two programs at Ben Gurion University, the undergraduate program sponsored by the Department of Management and the MBA program sponsored by the Department of Business Administration.

Chapter 3: General Recommendations

Preface

The following report is based on a systematic review of management education in Israel at 8 public universities and 6 colleges, 5 of which are independent. The programs included:

- Universities: Ariel, Bar-Ilan, Ben-Gurion, Haifa, Hebrew, Open, Technion, Tel Aviv
- Colleges
 - Publicly funded: Ruppin
 - Privately funded: College of Law and Business, College of Management, IDC Herzliya, Netanya Academic College, Ono Academic College

The review was conducted by a Visitors' Committee of 7 members from the U.S. (3), Canada (1), The Netherlands (1) and Israel (2). Our observations are based upon review of an extensive self- examination conducted by faculty and administrators at the 14 schools and one-day site visits. The comments offered herein are the distillate of these examinations and constitute judgments of the current state of management education in Israel along with recommendations for improvement. The report is endorsed by 6 of the 7 members of the Visitors' Committee even if not all members subscribe to every opinion expressed herein.⁴

An examination of the list of issues requiring attention will show that many of them such as an overall lack of courses taught in English remain from the list generated in the 2007 review. Given that the universities, colleges, and the Israeli higher-education system have had a number of years to address these issues, it is disappointing that so many remain open.

⁴ Sadly, one member of the committee, Professor Simon Benninga, passed away prior to the development of this report. However, his contributions to this report were numerous and invaluable.

In addition, we learned that there are a number of business programs going through CHE accreditation and others in the queue. **Given the number of extant issues we list below, we find it difficult to understand how adding more generic business programs, even independent programs that have seemingly sound business plans, can solve the problems we found below in terms of adequate supply of faculty, students, and creative leadership among others.**

General Recommendations

The general observations and recommendations are not listed in order of importance but are grouped by relevance to the unit's organization, faculty, budget, and students.

Organization

1. **We found at a number of universities and colleges that some business programs were separated from other business-related programs.** For example, Ben Gurion's Accounting faculty members are part of the Department of Economics, Netanya Academic College has a School of Banking and Finance that is organizationally separate from its School of Business Administration, and Ariel's MBA program is not under the control of its Business Administration department. While there were always historical reasons for these structures, many of these distinct organizations simply do not make sense and create operating inefficiencies and overlaps in curricula. **The relevant universities, colleges, and faculties should seek to reduce the separation of units that should logically fall under one roof.**
2. Particularly for the independent colleges, the visiting committee had no feeling for the financial stability of either the institution or the unit under study. This would be important information to better understand the viability of, for example, proposals for new programs. **The CHE should consider giving information of financial stability to future committees when requested.**

3. In our meetings with university and college administrators, we learned that business school deans are elected from the faculty for terms of 3 years. While the deans generally served with enthusiasm, most if not all did not intend to serve beyond their term. We feel that a term of 3 years is insufficient for the execution of any innovative plans a dean may develop. In addition, Israeli business schools should consider the development of a professional dean track and also consider outside appointments to dean positions.
4. In addition to the above issue with respect to deans' lengths of terms, we found that **deans of Israeli business schools are less independent within the institutions** concerning curricula, recruitment, promotions, facilities, and budgets compared to most business schools worldwide. Universities and colleges are overly centralized limiting the entrepreneurship and shortening the response time to market conditions that could be otherwise facilitated if more decisions were made at the business school level.
5. **There is not a single Israeli university or college with a credible international ranking.** Even the best business school in Israel is not rated in the top-100 business schools by either the *US News or World Report* or *Financial Times* rankings. This is a very disappointing situation for a country with so much academic talent and is **a direct result of a lack of a global focus of most of the programs.**
6. **While there is a shortage of qualified faculty overall in Israel, there is a particularly severe shortage in both Accounting and Information Systems.** Most courses in Accounting are taught by adjuncts most of whom appear to be highly-qualified instructors. However, adjuncts do not do research nor supervise doctoral students. The only realistic solution to the virtual absence of academic accountants in Israeli universities and colleges (with the sole exception being Tel Aviv) is **differential salaries for accounting academics.**
Information Systems is more complicated as there are qualified faculty members, particularly in universities, but their appointments are in

- industrial engineering or computer science. The universities in particular should look to offer joint appointments.**
- 7. There are too many generic business programs in Israel.** The CHE has historically been very liberal in approving new programs, particularly colleges, where the onus is on the college to develop financially successful programs to survive without public support. However, this has created competition among the programs for a shrinking student population. **The CHE should only approve a proposal for a new business program if it meets stringent criteria such as filling a need in the market place, attracting quality faculty and has a strong multi-year strategic plan. In addition, the CHE should take a more active role in facilitating institutional collaborations, mergers, and facilitating the exit of less successful programs.**

Budgeting

- 8. While we did not have complete information on this topic, we learned that the budgeting process for post-graduate degree students in universities favors other social sciences such as economics over business students.** Given the increased costs of running internationally-competitive business programs (career services, computer labs, etc.), **this is an area that requires further investigation.**
- 9. Some researchers lack access to important resources such as costly databases (e.g., WRDS) or a behavioral laboratory with research-quality measurement equipment.** To truly support world class research in many business fields, **these resources must be made available to faculty and doctoral students.** This would be another opportunity to pool resources by providing national access to databases or other resources.

Faculty

10. A significant problem for the colleges is the advanced age of the faculty.

Many of the colleges are dependent upon retired university faculty to fill their academic ranks. Given the relatively young mandatory retirement age for university faculty, this remains a good pool from which to draw. However, this has become an easy solution rather than hiring from Israeli doctoral programs and growing their own. While the best doctoral graduates will take jobs either abroad or at a university, our visits to the universities demonstrated sufficient supply to meet the needs of colleges, though not in all disciplines. In addition, the colleges should consider shortening the contracts of retired university faculty.

11. Most of the universities also reported having difficulty recruiting new faculty as the number of doctoral graduates within Israel that meet the research standards of the universities is limited. While recruiting non-Israeli faculty has historically not been successful, we wonder why universities in countries such as China and other non-English speaking countries have been more successful in recruiting non-native faculty members. A number of people we interviewed mentioned complicated visa issues as a reason. It seems in particular that Jewish non-Israeli faculty who have traveled to Israel would be an attractive and large pool.

12. With a few individual exceptions, in all institutions we examined, teaching loads are distributed across both semesters. For colleges with heavier teaching loads, this is inevitable. However, for the universities and colleges with, say, 8-10 hour loads, this is possible to schedule in one term. **Allowing flexibility in teaching schedules is particularly attractive for new lecturers who need a block of time for their research. Offering such flexibility can also be an attractive recruiting tool for startup packages.**

13. Since most programs use adjuncts to teach over 50% of the courses offered (many use substantially more) and there is an extreme shortage of qualified faculty to teach, it is unclear that the 30% CHE standard is realistic. **We feel**

that more thought needs to be given to the appropriate standard given pedagogical, research, financial, and faculty supply considerations.

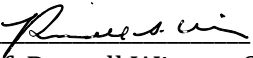
14. In evaluating a faculty member's research record for promotion/tenure decisions, we consistently found an over-emphasis and almost slavish reliance on journal impact factors and the quantity of publications. While impact factors are informative, they are not definitive of the quality of a journal as a high-quality but narrow journal will likely not have a high impact factor. In addition, we unanimously value a research record with fewer publications but of higher quality. **To better align with highly ranked business research faculties in the rest of the world, faculty and promotion committees should value high impact publications in top journals of the faculty member's field, as focusing on quantity creates the wrong incentive.** We recommend stronger consideration of accepted ranking lists such as those at Bar-Ilan or Hebrew Universities as well as more careful reading of the research in making promotion or tenure decisions.


Students

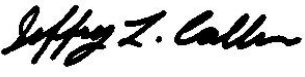
15. **There remains a serious shortage of courses taught in English at both the B.A. and MBA levels.** This is unacceptable given, as noted above, that this was also a key point made in the 2007 report. For Israeli business students to be successful in business today, they must have the ability to write and communicate in English. If individual institutions do not have the resources to add this capability, the CHE should facilitate this.
16. **The admissions requirements of the vast majority of business programs continue to demand only the quantitative part of the GMAT. If any university or college-based program aspires to achieve international ranking or recognition, the verbal portion must also be required.** In addition, adding the verbal part would be useful diagnostic information for those students who need additional help with English.

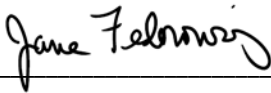
17. **Career guidance and placement services for business students are significantly lacking at most of the institutions we visited**, particularly in the universities. This is not just for searching for jobs as most Israeli students are working while in school. Other services such as resume writing, interviewing, and networking skills are important parts of career services.
18. **Another issue left over from the 2007 report is the unsatisfactory state of the doctoral programs.** Some have poorly structured or unstructured programs, while others patch together inadequate courses from master's level programs or other Faculties within the university. **We agree with the prior committee that the only solution to providing a program with sufficient resources in terms of both money and research is the consortium model** where the schools offering a PhD offer a pool of resources and courses, while retaining individual advising and degrees at the home institution. The roadblock to this solution seems to be inter-university/college politics.
19. A number of colleges and universities do an excellent job reaching out to disadvantaged and under-served groups in Israel and make that a key part of their missions. These include students with disabilities, Ethiopian, Haredi, and other minority and special needs groups. We strongly encourage that this be part of the mission of more business programs to not only enroll these students but to establish programs and special services to give them the best opportunity to succeed.

Signed by:

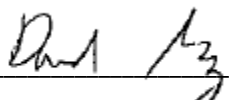

Prof. Russell Winer - Chair


Prof. Arnoud Boot


Prof. Jeffrey Callen


Prof. Jane Fedorowicz


Prof. Stuart Greenbaum


Prof. David Mazur

Appendix 1: Letter of Appointment



November 2014

Prof. Russell Winer
Leonard N. Stern School of Business
New York University
USA

Dear Professor,

The Israeli Council for Higher Education (CHE) strives to ensure the continuing excellence and quality of Israeli higher education through a systematic evaluation process. By engaging upon this mission, the CHE seeks: to enhance and ensure the quality of academic studies, to provide the public with information regarding the quality of study programs in institutions of higher education throughout Israel, and to ensure the continued integration of the Israeli system of higher education in the international academic arena.

As part of this important endeavor we reach out to world renowned academicians to help us meet the challenges that confront the Israeli higher education by accepting our invitation to participate in our international evaluation committees. This process establishes a structure for an ongoing consultative process around the globe on common academic dilemmas and prospects.

I therefore deeply appreciate your willingness to join us in this crucial enterprise.

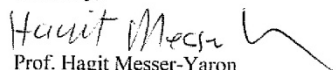
It is with great pleasure that I hereby appoint you to serve as the chair of the Council for Higher Education's Committee for the Evaluation of the study programs in **Business Administration**. In addition to yourself, the composition of the Committee will be as follows: Prof. Simon Benninga, Prof. Arnoud Boot, Prof. Jeffrey Callen, Prof. Jane Fedorowicz, and Prof. Stuart Greenbaum.

Ms. Maria Levinson-Or will be the coordinator of the Committee.

Details regarding the operation of the committee and its mandate are provided in the enclosed appendix.

I wish you much success in your role as the chair of this most important committee.

Sincerely,


Prof. Hagit Messer-Yaron
Vice Chair,
The Council for Higher Education (CHE)

Enclosures: Appendix to the Appointment Letter of Evaluation Committees

cc: Dr. Varda Ben-Shaul, Deputy Director-General for QA, CHE
Ms. Maria Levinson-Or, Committee Coordinator