

# Higher Education Quality Assessment Center of Estonia

## Joint Final Report

### Research Field Assessed

Economy and Business Administration

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## **Evaluation of economic and business administration research institutions of Estonia**

### **Part I - Introduction**

The Higher Education Quality Assessment Center of Estonia (HEQAC) has invited four experts from Belgium, France, Portugal and Slovenia to provide an evaluation of five institutions involved in economic and business administration research, that is:

- The Faculty of Economics and Business Administration, at the Tallinn Technical University (Tallinn-FEBA),
- The Estonian Institute of Economics at the Tallinn Technical University (EIE),
- The Estonian Business School (EBS) in Tallinn,
- The Faculty of Economics and Business Administration, at the Tartu University (Tartu- FEBA),

- The Faculty of Economics and Social Sciences, at the Estonian Agricultural University (EAU-FESS).

One month before leaving for Estonia all the four experts have received a self-evaluation report from the five above mentioned institutions, as well as an HEQAC document titled 'Principles and criteria for evaluation of research and development institutions'. The working schedule of the experts in Estonia has been the following:

- Monday, December 11, 2000, meetings and visit at Tallinn-FEBA,
- Tuesday, December 12, 2000, in the morning: meeting at the EIE,
- Tuesday, December 12, 2000, in the afternoon: meeting and visit at EBS,
- Wednesday, December 13, 2000: meetings and visit at Tartu-FEBA,
- Thursday, December 14, 2000: meetings and visit at EAU-FESS.

## **Methodology**

Having analysed the self-evaluation reports before their arrival in Estonia, the experts have designed a methodology likely to supply them with more live and empirical data confirming the statements they have found in the self-evaluation reports. A first methodological tool has been to conduct the interviews of the dean, the research staff and some PhD students in each institution on the basis of homogeneous set of questions. The targets of these interviews were, from the viewpoint of experts, to test how the five institutions have been hit by the troubles of the transition period, how they have adjusted to this strong external shock, how they accommodated to the new environment of economic research in Estonia (tighter budget constraints, institutional restructuring, the emergence of new business schools, etc.) and how much they are satisfied with the dynamics of their adjustment compared to their expectations.

A second methodological tool, more orientated towards the collection of synthetic and comparable data, consisted of a short, though precise questionnaire, which was presented to every evaluated institution to fulfil within a rather short deadline (see Annex 1). The quantitative comparison of the five institutions on the basis of the collected data has been enriched by qualitative inputs derived from the aforementioned interviews and self-evaluations reports, and has enabled the experts to provide a cross-section comparison of the performances achieved in the five institutions (Part II of the report). From this comparison, it was possible to classify the research institutions according to the four-point scale suggested by the HEQAC.

In Part III of the report, the experts have listed their main conclusions and recommendations, including some recommendations specifically addressed to each evaluated institution.

## **Part II - Comparative Assessment of the Five Institutions by Dimensions of Research Activity**

### **1. The context of research activity and research orientation**

*How was the impact of the transition felt by the institution ?*

*General*

In Soviet times, research (as well graduate education) was concentrated in institutes, while the main function of the universities was primarily teaching. In that period, a typical way to present research results was short conference theses. It is clear that it will take time for the evaluated institutions to concentrate on the presentation of research in the form of an article in professional journals. A further general impact of the transition on research was the overall fall of the students' interest in an academic career. All institutions reviewed believe to have passed the bottom of the 'J-curve'.

*Tallinn-FEBA*

The first shock was quite intensive, especially on resources (staff and financing). Later on, successful competition for foreign funding largely solved the problem. During the transition period, part of the staff of the Faculty left the university. In the course of time, the brain drain has decreased.

*EIE*

Since the institute was involved in planning tasks in the former system, the transition shock was strong and evident in the form of a sharp reduction of human resources (from the beginning of the transition the number of staff was reduced from 200 to 14 presently). Funding also, was strongly affected. The effects of the shock are still present but it has not damaged their research activity.

*EBS*

The school recognized the need for modern business teaching already in late eighties. So EBS was less affected by the transition shock than the other reviewed institutions. As an institution, however, their research interest emerged only after they stabilized their favourable position in the market.

### *Tartu-FEBA*

Also this institution felt the transition shock first of all in the sense of the need to change its approach to economics. This required intensive preparation of curricula and textbooks, thus reducing resources needed for development of research. This was especially the case as they wanted to preserve their image of the most important Estonian faculty in the field of economics and business.

### *EAU-FESS*

The shock of transition on research in this institution has been extremely hard. The most striking difference with other institutions evaluated is the poor knowledge of foreign languages of almost the entire staff, which may also help explaining the modest orientation towards publishing abroad. The vulnerability to the transition shock in the field of research can be explained by two facts. The first one is that the sector dramatically lost its relative importance. The second reason is that the study of agriculture was subordinated, and respectively incorporated in the Soviet system of agricultural universities. The Faculty staff believes that these processes have set them back in comparison to other institutions that have reorganized their research earlier.

### ***Inventory of problems solved and still to be solved. Are they moving towards their goals ?***

#### *General*

All reviewed institutions seem to recognize (although not to the same extent) that the best measure to improve future research is improving the quality of MA and Ph.D. programs as well as research conditions for graduate students. All institutions are confident that present developments on the Estonian labour market are assuring a growing readiness of the student population for an academic career. They seem all to be aware (again not to the same extent) that they have to intensify theoretical research in economics and business.

#### *Tallinn-FEBA*

The Faculty succeeded in preserving its role as a research institution despite unfavourable conditions after transition. In applied research, in the field of the business administration, this was assured also through their image inherited from the late eighties. They are satisfied with the emergence of a new generation of researchers.

#### *EIE*

The institute has been processing the hard shock it experienced, and is predominantly concerned with its survival. The staff feels that the integration with Tallinn-FEBA is still a current problem to be solved. The small size and an unfavourable age structure are felt

by the staff as a problem. They are also aware of the fact that the advertisement of their research capacities has been insufficient. The low wage level is a serious constraint.

### *EBS*

The school now recognises the need to develop research as an unavoidable precondition for improving the quality of their teaching, and thus remaining the leading private business school. It developed internal research funding mechanisms and is considering a system of research stimulation for professors. They are confident that they are moving towards their goals.

### *Tartu-FEBA*

The Faculty seems to succeed in upgrading the quality of the research activity after the renewal of the curricula. On the other hand, the Faculty seems to be extremely efficient in attracting MA and Ph.D. students for research and publications. The same goes for improvement of their working conditions in their renovated building and purchase of literature and equipment. They are confident that present developments will enable them to maintain their position as the most important faculty of economics and business in Estonia.

### *EAU-FESS*

The Faculty is recovering from the shock they felt as an institution connected with agriculture. To promote their research, they believe that contacts and the inclusion of foreign professors in graduate teaching and research projects should be intensified. They still have to solve the problem of a too developed sense of self-criticism regarding the submission of their papers to the professional community.

## ***Interpretation of internal and external risks and opportunities***

### *General*

Many institutions see as a general external risk to their research activity the reduction of public funds for research in Estonia. All institutions, with the exception of EIE, acknowledge the risk that market-driven consulting and applied research could hinder the much needed development of theoretical analysis.

### *Talinn-FEBA*

The main opportunities of the Faculty refer to the internal strengths (human capital, co-operation with technical faculties, the increasing scope of research in terms of innovation

on management and IT markets, and international co-operation with permanent networks in scientific research) and external opportunities (strengthening of the role of economic education in Estonia and integration of Estonia in the EU). Internally determined risks refer to factors such as an unfavourable age structure of the academic staff, and an insufficient research interest of some faculty members. External risks are the fluctuating and the decreasing state funding for research, and the fact that more young researchers are joining the banking sector.

### *EIE*

An internal strength is democratic governance. The ageing of the staff must be considered as an internal risk.

### *EBS*

Internal strengths of this institution consist of a dynamic and professionally acting management and a high motivation to become an advanced Estonian research based business school. Further internal opportunities are co-operation with public and private universities in Estonia in the field of graduate studies and, potentially, an active participation in international research networks and projects. Internal risks consist of insufficient resources for promoting management research. External risks derive from low prestige of research careers among students. Further on it seems that there is a low prestige of management research at the ESF, which could in the longer run harm the development of research in this field.

### *Tartu-FEBA*

We can consider the intensive and extensive work with graduate (especially Ph.D.) students as an internal opportunity. The Faculty also disposes of an elaborate system of material stimulation for research. An internal risk at this institution could be the heavy teaching load of the staff deriving from the fact that they not only teach in their own undergraduate program, but also in distance learning, at graduate courses, as well as in their European studies programme.

### *EAU-FESS*

An internal opportunity is the good climate for co-operation in the small Faculty institutes. An external opportunity derives from the integration processes within the Agricultural University and therefore the optimal use of research capacities for interdisciplinary research. An internal risk for the development of research is the present relatively low consciousness of the need for basic research, which is present at the moment.

## 2. Publications

The number of publications achieved by Tallinn-FEBA is significant (456 from 1996 to 2000) and has grown from 1996 to 1999 (the figure for 2000 does not cover the whole year), with a peak in 1998. We observe a growing trend in the number of peer-reviewed and CC indexed articles during the most recent years. In 2000, the researchers of Tallinn-FEBA have published no less than 25 peer-reviewed and 10 CC-indexed articles. Even though these absolute figures might sound rather limited, the experts also assess positively the growing and upgrading path of the publication performance, all the more we take in consideration the increasing participation to international conferences. One doctoral thesis defended in 1999 and 90 Master theses awarded from 1996 to 2000 (with an increasing trend in the annual number) open avenues for further and even more numerous publications.

One of the most interesting achievements of EIE is in the field of publications (an overall number of 240 from 1995 to 2000 achieved with a small staff). In every year of this period more than 50% of all the publications are in foreign languages, with a peak in 1999 and 2000 when publications in foreign languages have respectively reached 88% and 78%. Among the latter, a significant share has been published in foreign sources, including in the form of articles accepted in foreign scientific journals (5 in 1999 and 5 in 2000 with uncompleted data for the latter year). Although it is fluctuating, the annual number of peer-reviewed articles has always been between 16 and 32 per year (with at least one CC-indexed article per year, except in 1997), which must be appreciated in respect of the small and shrunk size of the EIE research staff. The participation to the evaluation of Master theses is limited, and the EIE is no longer allowed to monitor doctoral research.

We have to consider that EBS is, in some sense, a more recent actor in terms of scientific publishing activity in the field of management science. From 1995 to 1999, 268 publications have been issued, with a significant growth from 26 pieces in 1995 to 70 in 1999. The proportion of publications in foreign languages (primarily in English) is 28% over the whole review period, but it has increased up to 51% in 1999. On the hand, EBS performance is much less impressive as regards the number of peer-reviewed articles accepted in international scientific journals (only two from 1995 to 1999), as well as to the contributions in books published abroad (just one over the whole covered period). A non-negligible share of all publications (17%) have appeared in the EBS Review, which is of course a positive factor, but it must not be considered (at least not yet) on the same footing as peer-reviewed articles. The research publication outcome is complemented with 27 Master theses defended between 1996 and 2000, and one doctoral thesis defended by a student of the EBS at the Tallinn Technical University (another one is on the verge of being defended at University of Tartu).

The total number of publications produced by Tartu-FEBA is quite impressive in comparison with the performance of all other Estonian research institutions in economics since it reaches 744 (excluding 77 textbooks). The number is steadily growing from year to year which means that the high potential of research is increasingly resulting into a

number of research products. This growth itself is triggered by the remarkable dynamics in international publications whose number has more than doubled from 1996 (30) to 2000 (66, a number which only refers to the first three quarters of the year). The only thing that can slightly blur the positive impression of the experts is the number of peer-reviewed articles published in international scientific journals, although the trend is markedly up (3 such publications in 1996, 10 of them in 2000). On the other hand, the number of peer-reviewed in Estonian scientific journals has skyrocketed in 2000 with 43 issues, as against 1 to 3 in the previous years. A promising wave of future publications must be expected from the two doctoral theses defended in 1999 and 2000, and from the 86 Master theses finished in 1996-2000 (of which 37 in 2000) and the 13 Master theses defended in foreign universities.

The scientific publications of EAU-FESS are quite satisfactory in terms of number, but not diversified enough in terms of (foreign) languages. On the period 1996-2000, the overall number of published research works is 227 (excluding 95 conference abstracts). The weakness is that none of the 205 scientific publications has appeared in a peer-reviewed or a CC-indexed journal. Only 31 achievements (14% of the total) have an international exposure through being posted into AGRIS. A so small proportion of international publications is probably partly determined by the absent proficiency of the research staff in foreign languages. On the other hand, the number of three doctoral theses defended during the covered period nicely compares with the four other evaluated institutions, in particular if we consider the specificity of agricultural economics. The same remark applies to the 39 Master theses defended from 1996 to 2000 (of which 15 in 2000).

### **3. Research Structure and Funding**

In Tallinn-FEBA research units are organised in line with chairs. However, chairs can converge on research proposals, and in fact they try to do so in order to increase competitiveness when applying to different financing sources. The responsibility to apply to target financed projects it seems to belong to chair holders, while ESF funds are granted on an individual basis. In this case, researchers can address directly ESF or any other national or international institution, without need for previous knowledge or permit from chair holders. They have got individual grants, for example, from several governmental institutions, the World Bank as well as from some foreign universities. Between 1996 and 2000, 47.1% of total financing were targeted funds, 49.8% individual grants and 3.1% the financing of expenditures on infrastructure. As well as in other institutions, 95% of research funding is public. Anyway, Tallinn-FEBA has been very successful in attracting foreign funds to library support and equipment.

Everybody can directly assess information on potential research grants, but it has been mainly a chair holder's responsibility. Individual researchers can propose research topics, but there is a tentative to integrate them in a kind of 'umbrella' under direct responsibility of the head of the department. These large projects include several chair

holders and smaller, individual grants and contracts, as well as master and doctoral theses. This type of research organisation allows resources rationalisation and increase competitiveness, but eventually might turn more difficult to provide the included projects with a sound theoretical framework. A very high percentage of the outputs are applied research or more practical and specific problems.

There is a clear stimulation to do research - it provides additional funds to the faculty and eases promotion. Some faculty members and doctoral students referred also to the research for its own sake. The research environment quality has improved, there are computers, full text databases and international economic and management journals, although some imbalance in research subjects.

The Estonian Institute of Economics does not have fixed structural units of research, given the size and constraints. Research groups are flexible organised, in a way that is very clearly described in the self-evaluation report. However, they have approval for specific areas of research: natural and energy resource economics and economic integration and institutional development.

Within the approved areas of research - which, in fact, reflect the academic specialisation of the researchers – each one can apply directly to potential sources funding. Problems concerning decision-making and access to information are not comparable with the other institutions, since there are at present only 14 researchers. However, in what concerns incentives to research there are some problems, the wage level being one of them. EIE had not been able to retain part of its researchers, and for sure, in this context it will not be able to attract new ones.

The research activity is now funded by targeted projects, research contracts, grants and finance of infrastructure expenses. All over the period 1995-1999, 47.9% were targeted funds, 12.4% individual grants, 21.2% research contracts, excluding PHARE-ACE, and 18.4% are infrastructure expenses. About 85% of research funding is Estonian, and it has been increasing over the years. We must stress the effort made by the researchers at EIE in competing for funds (17.6% of grants in economics distributed by ESF in 2000, the second after FEBA, Tartu). However, the staff of EIE feels that they have not been able to publicise sufficiently their work. Moreover private funding is quite small. Foreign funding (PHARE-ACE) has been stable since 1996, accounting for 10 to 11% of total external research funding.

The Estonian Business School operates in a different context from the other institutions. However, it has been recognised that without research they will not be able to increase knowledge, for teaching, training or consulting purposes.

Research is not organised in a given structure. The process of initiating and approving new research proposals is at present too much centralised. It should be stressed

that EBS started up a doctoral program that implied a commitment to further research efforts.

Concerning research funding, individual staff members received some ESF grants. Besides that, a special internal budget for research work was put aside.

The Faculty of Economics and Business Administration, at the University of Tartu was the institution with the more clear and positive commitment to research.

Research is structured in a non-formal basis, along three institutes, the Institute of Economics, Institute of Finance and Accounting and Institute of Management and Marketing. Each one of these institutes includes several chairs. There is a vice-dean for research.

Information on potential grants and projects can be directly assessed. It seems to be a very democratic and informal environment in what concerns new project proposals, since anyone can propose a research topic and then discuss it with the colleagues. However, the development of the research phases the school must pursue are quite well organised and structured, what seems to be a rational approach to the needs and difficulties.

Research funding in Tartu-FEBA can be divided in two parts, internal and external. The administration decided that one third of state tuition fees are distributed to support research in accordance with the department performance in research activities and publications. Own resources have financed computers and software in general (100%), and 60% of books, periodicals and databases. The allocations from ESF, in the period 1996-2000 formed one third of total financing, and they have been stable. According to the figures provided, researchers in the field of economics in Tartu-FEBA received around 38% of all allocated individual funding, as much as the other two largest recipients (EIE and Tallinn-FEBA). Foreign funding is relatively marginal. Targeted funds almost doubled in the period 1996-2000, being as important as individual grants. However, in this aspect they do not have been so competitive.

There is a clear formal stimulation to research through a point system – total wage and teaching load depend on that. On the other hand, at least some faculty members and graduate students are quite enthusiastic about research for its own sake, regardless of rewards through a point system. There is a real sensibility to the need for further developments on more theoretical grounds, in economics as well as in management science.

In EAU-FESS there is not a structured research organisation, but it goes along the lines of the four institutes, the Institute of Agricultural Economics and Marketing, the Institute of Rural Sociology and Co-operation, the Institute of Informatics and the Institute of Accounting and Finance. The heads of departments and the grantholders carry out the

research administration. The environment regarding decision-making over new project proposals is quite informal.

Research financing sources have been mainly public Estonian. All over the period 1996-2000, 44% of total financing was targeted research, 39% grants from ESF and 17% contracts with other institutions. They received four targeted financed research projects related with Estonian agricultural efficiency, rural life and ecology-economic analysis, all of them already completed.

There is no formal stimulation for research, except the one that has been done due to the personnel interest of some faculty members and the chance to travel and present research results in international conferences. However, there are a group of Ph.D. students strongly involved in their research projects, being accompanied by internal supervisors. In a way, there is in FESS a clear, although informal stimulus for research. They have been able to organise conferences in a quite systematic way, and publish proceedings, but the staff lacks self-confidence and a more aggressive approach to publicise their work.

***Are contacts and contracts with industry and business reducing available resources for research or creating additional research opportunities?***

This question did not apply to EIE, since, apparently, they are not involved in this type of activity.

The overall impression was that, except for EBS, consulting work did not impede on research in the proper sense. For Tallinn-FEBA and Tartu-FEBA consulting work seems to have been relatively limited, and anyway the amount of publications in both institutions is a clear sign that no serious substitution has been going on. In both institutions part of the earnings out of consulting are apparently fed back into funds for research.

EAU-FESS reported that a considerable part of the work-load is devoted to consulting to farms, rural communities and agro-industrial companies, but that in many instances (especially with respect to services to farms and rural communities) this additional work is performed outside official office-hours and with clear benefits to research.

The situation in EBS is different. Consulting is obviously an important aspect of the activities of the school, and, for that matter, is sometimes confused with research as opposed to consulting. This impression was strengthened by the tendency of the staff to consider research as being 'client oriented'.

***The attitude towards fundamental economic analysis***

It is the opinion of the Evaluation Commission that the issue of fundamental economic analysis is an important one. The Commission recognises that results of applied research are obviously urgently needed by policymakers in economies in transition, and that economic faculties in the country should of course meet the ensuing requests, but feels at the same time that, from an academic point of view, economic faculties can only prosper if the applied research carried out by their staff is founded on a sound theoretical basis, and, more in particular, if a meaningful part of the global research efforts of these faculties is oriented towards fundamental research.

At the present moment, for obvious reasons, none of the institutions that were evaluated fulfil this requirement.

Tartu-FEBA is clearly the institution farthest ahead in the right direction. Although, at present, relatively little fundamental research is carried out, there was an outspoken intention to start initiatives in this direction in the coming five-year period by making available extra financial means. Tallinn-FEBA also admitted that they would have to attend more to the fundamental-applied research distinction in the near future, even if at present some members of the staff are involved in methodological issues. At least one of their Ph.D. students at the present moment already had a clear interest for economic theory. EAU-FESS spontaneously declared that the issue would require attention in the future. One of their Ph.D. students, although in the sociological rather than the economic field, is working on a clearly fundamental scientific subject.

EBS saw no relevance as a management school for fundamental research. The Commission found at the least that this was debatable.

The EIE has, through its history, always been involved in fundamental research of some kind. At present, a part of the published output of the institute is still fundamentally oriented.

### *Doctoral programmes*

This point does not apply to EIE since they no longer organise Ph.D. examinations.

The doctoral programme at Tartu-FEBA was taken very seriously. Ph.D. students have to earn 25 points by taking advanced courses (often delivered by foreign scholars), following seminars and, most importantly, by publishing in refereed journals. There seemed to be no explicit requirement for Ph.D. students to stay at a foreign university for some period, but actually most students seemed to have done so. Networking solutions in the organisation of the doctoral programme are clearly envisaged. The Evaluation Commission was particularly impressed by the facilities put at the disposal of the Ph.D. students by the Faculty.

Doctoral programme aspects were also prominent at Tallinn-FEBA but appeared to take a mixed form of (strong) recommendations and requirements. A methodological seminar is organised for all Ph.D. students, and there are obligatory reading assignments. It is strongly recommended by the Faculty that students should pass at least one semester abroad. The Faculty clearly expressed its intention to enter international networks of doctoral programmes.

At EAU-FESS doctoral programme aspects are implicitly present but in the form of recommendations: taking advanced courses (organised at foreign universities) and staying abroad. A special course on English scientific writing was especially organised. At EAU-FESS there was a clear indication that more students would have stepped into the Ph.D. programme if only there would have been more financial means.

The situation at ESB with respect to the doctoral programme was very unclear. The Evaluation Commission got the impression that a Ph.D. examination could be passed even if the student had failed tests on courses organised in the context of the doctoral programme.

### ***Career intentions of Ph.D. students***

Both at Tartu-FEBA and EAU-FESS the group of Ph.D. students showed a very clear intention to pursue an academic career. At Tallinn-FEBA and EBS the intentions were mixed. At the latter institutions a relatively large group of Ph.D. students will look for careers in business.

### ***Research cooperation***

#### *Within Estonia*

Research collaboration involving the five institutions that are evaluated with other Estonian universities and research centres mainly evolve around the following axes:

- Tallinn-FEBA and EIE cooperate in ESF projects;
- EIE has also carried out a common research project with the University of Tartu (although it is not clear whether this is with Tartu-FEBA), and with the Estonian Institute of Future Research;
- EIE has strong research ties with the Estonian Energy Research Institute and with the Tallinn branch of the Stockholm Environment Institute;
- ESB is together with Tallinn-FEBA in a project on distance learning (although this of course a teaching project);
- Individual staff members of ESB have also been granted ESF funds;
- EAU-FESS is collaborating in research with the Estonian Institute of Agrarian Economics, with the Institute of Rural Development and with the Janeda Advisory Centre of Education; with some of these institutes EAU-FESS is also involved in international research projects.

In addition it should be mentioned that

- Tallinn-FEBA and EIE, being both of them parts of the Technical University of Tallinn, actively cooperate in other fields (such as supervising MA thesis work). Members of the Faculty are on the Scientific Council of EIE. On both sides, mention was made of good personal relations between the staff members of both institutions.
- Tartu-FEBA and EAU-FESS collaborate on MA thesis work as well. Staff members of EAU-FESS especially were feeling that the collaboration was good, but that there were still many unused opportunities.
- ESB's possibilities of research cooperation within the Estonian context are limited since they have no access to Estonian targeted funds.
- Tartu-FEBA, although undoubtedly strong in other fields, has a relatively weak position in terms of its share in targeted funds as compared to Tallinn-FEBA.

### *Outside Estonia*

The institutes that are most active in the field of international research co-operation are EIE and Tartu-FEBA. EIE is a very active user of the Phare-ACE funds of the European Commission and is in the ACE projects together with a wide range of European universities. EIE also benefits from funds directly supplied by the EC. Other funding agencies are ICEG (USA), ETLA (Finland), HLT (Germany) and the Vienna Institute for Comparative Studies.

Tartu-FEBA also takes advantage largely from Phare-ACE and links up in this way with many European universities. In addition they are able to use funds from the ILO, UNDP and grants awarded by individual Western European universities. The Nordic Council of Ministers and the Bank of Finland also made grants available.

Tallinn-FEBA is also active in this domain and within the same type of international co-operation, but to a slightly lesser extent. Apart from Phare-ACE funding, the Faculty gets financial and in-kind help from the Academy of Finland and several European and North American universities.

EAU-FESS is less involved internationally than the three institutions mentioned above. The Faculty is only marginally involved in Phare-ACE projects, but has drawn extra research resources from some specific foreign sources like FAO and GDI (Germany). In addition, a number of international research projects are focused on themes in the field of rural sociology.

The involvement of EBS in international research projects is limited. Apart from one Phare-ACE project, most of their international co-operation is in the field of teaching.

## **4. Diverse aspects related to research**

### ***The openness towards external newcomers in the research staff***

All the five institutions were asked to precise what their attitude would be facing the application to their professor or researcher vacancies of candidates from other (primarily Estonian) research institutions. The experts meant explicitly the case of candidates that are not former Ph.D. students of the questioned institution. In all institutions the experts have found an explicitly open attitude in face of such an opportunity. Now, if we look at the matter in more practical terms, we find six research staff members of Tallinn-FEBA and two in the EIE staff who have got - at least a part of - their university education at the University of Tartu while one member of the AEU-FESS has studied in the latter University and two staff members of the Tartu-FEBA have got degrees in Tallinn. Six of the EBS staff members have studied at least partly at the University of Tartu. This inter-institutional research mobility seems to confirm the statements collected by the experts.

### ***Foreign language proficiency***

We have to distinguish here between research staff members and Ph.D students. In all the five visited institutions, the proficiency of Ph.D. students in English is good or very good.

The situation is more diversified in this respect among the professors and researchers. As regards the proficiency in English, the level has been found to be satisfying or good at Tallinn-FEBA, EIE, ESB and Tartu-FEBA. On the other hand, only one staff member (among those we have met) of EAU-FESS is able to communicate fluently in English. Of course, this impression must be mitigated by the likely proficiency in Russian, Finnish or German of other EAU-FESS staff members (which is also the case in all the other four research institutions). However, we must notice that in only one institution the staff has not (yet) engaged significantly to switch to English that, after all, is now the predominant language of reading, publication and international co-operation in economics.

### ***Quality of equipment and libraries***

The visit to Tallinn-FEBA has made it clear that the quality of equipment and the library is still not a strong point of this research institution. The electronic network is clearly non-optimal. Computers are not of the most-advanced vintage, if not old-fashioned. The Faculty library is rather small, so that researchers and Ph.D. students have to go to the TTU central library in order to find various needed references.

Due to time limitation, visiting of equipment at EIE has been extremely brief, enough time however to check that each researcher has at his/her disposal an office endowed with a personal computer, permanently connected to the internet. In the discussion, SPSS and STATA have been referred to as major software used in the research work. The interview has also made it explicit that EIE has concluded a co-operation agreement with the Estonian Academic Library (located in the adjacent

building). As a result, some EIE staff members participate in the definition of the purchasing policy of the Library and, on the other hand, they pass on to the Library the economic theory literature that arrives at the Institute. EIE has its own collection of current statistics for the Baltic states and Finland, and Estonian periodicals but, due to the tight time schedule, they have not been checked by the experts.

The EBS financial investment in equipment must be underlined. The 6,450 square meters that are owned by EBS, as well as the 1,000 rented square meters, are organised in an American style (open offices for instance) and still offer interesting possibilities of extension. All offices are equipped with computers and internet-connected in addition to the computer laboratories (an overall number of 160 computers). In the library, which deserves more the label of a reading room, professional journals can be found alongside with a number of textbooks (obviously more linked to the teaching than geared toward research work).

Tartu-FEBA is located in a new and renovated building in the city centre. Not only all researchers and teachers dispose of a personal office equipped with an internet-connected computer, but all the Ph.D. students are grouped in three or four office rooms, each having an Internet-connected computer on his/her office. Three computer laboratories are also equipped with 46 computers each, all of them using advanced licensed software. A reading room is available in the Faculty, but it contains only a few periodicals. All researchers and Faculty members can - and are used to - download any document on their own computer thanks to an on-line access to the main library of the university and on-line data bases located there. Moreover, the Tartu-FEBA researchers and students are frequent visitors of the EuroFaculty library based in Tartu.

The EAU-FESS campus, located outside the city, concentrates all the facilities needed for research work. All researcher and teacher offices are equipped with internet-connected computers, which operate efficiently. The library is old-fashioned with a centralized access to the great bulk of the documentation stocked in a basement. The reading room, in free access, does contain only a few economic journals compared to the numerous technical literature on agricultural and rural issues.

### ***Quality of the self-evaluation report***

Tartu-FEBA presented an excellent report, including a clear indication of weaknesses, and not only achievements.

The report presented by EIE was well prepared in terms of the information provided, but it did not stress enough the weaknesses.

The EBS report was written in a very professional way with a tendency to outward marketing, what might create an impression of an absence of weaknesses.

The Tallinn-FEBA report was good, although some information is lacking and weaknesses are not clearly assessed.

The EAU-FESS report is a ‘defensive’ kind of report, as if they were not confident enough.

## 5. Evaluation: summary

	Tallinn-FEBA	EIE	EBS	Tartu-FEBA	EAU-FESS
1. Quality of the self-evaluation report	***	***	**	****	**
2. Publications	***	****	**	***	**
3. Research aspects	***	***	**	****	***
3.1. Structure and distribution of information	***	***	**	***	***
3.2. Stimulation and funding	***	***	***	****	**
3.3. Contacts and contracts with industry	***	NR	**	***	***
3.4. Attitude towards fundamental analysis	***	****	*	****	***
3.5. Doctoral programmes	***	NR	**	****	***
3.6. Research co-operation	***	****	*	****	**
4. Quality of equipment and library	**	***	***	****	***
<b>Overall grade</b>	<b>***</b>	<b>***</b>	<b>**</b>	<b>****</b>	<b>***</b>

NR means ‘not relevant’.

## Part III - Conclusions and Recommendations

Starting from the table gathering the synthesis of the present evaluation, if we consider the average mark obtained by the five research institutions as regards the eleven criteria used by the experts group to evaluate the various dimensions of research activity, one of them gets the mark 'four stars', which can be interpreted as 'excellent'. This is not to say that Tartu-FEBA has yet reached a level of excellence by international standards as far as research in economics and business administration is concerned. However, such a result means, from the experts point of view, that, given the initial shock of transition, the level of Tartu-FEBA research is sufficient to confront international competition. Moreover, the pace of its research activity is accelerating.

Three institutions gained the average evaluation of 'three stars' which can reflect the idea that their results are 'good'. Here some additional qualifications must be introduced since not all three institutions have the same grounds for good results. Obviously, in terms of already achieved publications, the attitude towards theoretical research, and the involvement into international research co-operation, EIE is clearly ahead. On the other hand, it is an ageing and shrinking group of researchers, and the experts do not see, given the wages offered, how it could be rejuvenated from within. In other words, the current (and past) level of research at EIE is rather high, even if assessed with international standards, but the future prospects seem to be limited.

The way of being 'good' is quite different at Tallinn-FEBA. The current level of research is lower - though still good - than it is at EIE, whereas the potential for growth and quality improvement is much higher, due to the existing doctoral programme, the number of Ph.D. and Master students and the capacity of applying successfully to research funding. Thus, a sort of fundamental complementarity appears between Tallinn-FEBA and EIE as to their structures and abilities, not to mention their complementarity in the fields of economic modelling and in different specialisations (for instance money and banking on one side, and energy and environmental economics on the other). Here lie the foundations for a more intensive scientific co-operation between the two institutions, already prepared by the integration of EIE in the TTU, and which will be made easier by the future relocation of EIE in the building to be occupied by Tallinn-FEBA.

The EAU-FESS is 'good' in a more specific way. First, being the most shocked institution in the initial stage of transition (in relation to the overall devaluation of the agricultural sector in Estonia), the first 'good' performance of EAU-FESS is simply to have not 'sunk' in the previous period, to have continuously pursued research and publishing activities in such bad times, and to have recovered now a growing path of activity with some diversification in their research programme (namely towards environmental economics). Of course, the quality of research has not yet reached international standards - even in agricultural economics and management - partly due to a lack of proficiency in foreign languages and a misplaced modesty of the staff members (not the Ph.D. students), in submitting papers to international journals. On the other hand, a well-structured organisation of research (in specific institutes), the existing doctoral programme that is more oriented to foreign co-operation than before, the potential of

interdisciplinary research with scientific institutions involved in agricultural issues (biology, etc.), and the opening of fields for new research in agricultural economics (bio-agriculture, computerisation at the farm level, for instance) create a potential space for the development of an interesting research programme at the Faculty, once some weaknesses pointed at in this report will be cured.

As regards EBS, the experts have converged toward the mark ‘two stars’, meaning that this young institution (younger than all the four others) has already reached a ‘satisfactory’ level. The Commission is aware that it is not that easy to move from teaching business administration and providing consulting services to a genuine research programme in management sciences. This is exactly the challenge that the EBS faces now, and it has a strong comparative advantage to succeed because of its capacity to abound in research financing by a diversion of funds from high tuition fees (linked to a dynamic demand for higher education in the field of business administration in Estonia nowadays). But the success story still remains to be written as far as research in management sciences is concerned. This potentially positive development no doubt may emerge after several current hindrances will be overcome: a more realistic self-assessment of where the EBS actually is on the path to applied research (as it is clearly different from demand-driven studies and consulting), a better-structured doctoral programme, a clearer organisation of research, an increased involvement into international research (not only teaching) co-operation, and last not least, the conviction that in the background of any applied research one cannot neglect a more fundamental and conceptual background.

From the previous conclusions, the experts derive a few general recommendations and some more specific institution-oriented points.

#### *General recommendations*

1. The position of all the five evaluated research institutions should be strengthened through the development of more basic research, as opposed to applied research. Thus, all of them should try to stabilise the human and material conditions for this type of research as well.
2. It is suggested that all the institutions would adopt a more self-critical view of their own achievements and weaknesses. One institution, Tartu-FEBA, is already one step ahead in this direction. For that matter, the Higher Education Quality Assessment Center of Estonia itself should clarify this requirement more explicitly to the institutions that are in the process of being assessed.
3. Researchers and professors working in the evaluated research institutions should systematically adopt an open attitude to receiving scientific criticism, referees’ remarks and advices, either in the preparation of an article submitted for publication in an international scientific journal or in any other circumstances. The experts actually admit that this attitude is not absent, but it is not yet as much widespread in the respective research staffs as it is among younger Ph.D. students.
4. It is recommended to all the five institutions to continue convening and organising international conferences in Estonia, but also to reorganise the way these

scientific events are published. The publication should no longer consist in a collection of abstracts. The conference papers appearing in the conference proceedings that are published should be strictly peer-reviewed, and their content should be upgraded before publication by the authors, according to the referees' comments and recommendations.

5. It is also recommended that the publication of these international conferences (referred to under point 4) should strictly follow the international bibliographical standards.
6. The experts recommend the use of a criterion based on attributing points to published articles and other research works in order to evaluate the achievements of the researchers, to promote them and, possibly, to fine-tune their salaries. One reference here is the system used in Tartu-FEBA (but taking into account the slight reservation expressed in the specific recommendations below). This evaluation system by points is worth being generalised to all the Estonian research institutions in the field of economics, business administration and management science. Finally, it might even be useful for the Higher Education Quality Assessment Center of Evaluation to resort to such a system in its regular evaluations.

#### *Specific recommendations*

1. On the basis of the complementarity noticed in the report between Tallinn-FEBA and EIE on the one hand, and the contrasted prospects for the future of the two institutions on the other hand, the experts strongly recommend to strengthen the scientific and research co-operation between them. Taking for granted that the two institutions will soon be located in the same building, the synergies that potentially exist between the two research programmes could then be optimised. Tallinn-FEBA can take advantage of the high quality of the researches conducted at EIE and of involving much more EIE researchers in its Master and doctoral programmes, both for the supervision of the students' theses and for teaching. On the other hand, the co-operation with the Tallinn-FEBA should open new avenues of research, and maybe some career perspectives for the youngest strata of an otherwise ageing research staff. In this respect, EIE staff would be well advised to speed up the process of developing co-operation with Tallinn-FEBA.
2. Derived straight from the experts conclusions, the first priority task of the EBS should be to concentrate more on research and, in particular, to clarify the frontier and the relationships between consulting and client-driven studies on the one hand, and applied research relying on a management science background on the other hand. Here, the commitment should start with mobilizing internal resources and funds for research for this purpose. The evaluation of research and the definition of research projects should be organised in a more democratic way within the EBS, with a clear role given to a scientific council in this process.

3. The criteria based on an attribution of points to research publications used by Tartu-FEBA are of course to be maintained as a basis for distribution of funds (and honorary fees), but they should be elaborated more generally (for instance without attributing points in function of the number of pages published).
4. In the case of EAU-FESS, it would be of great importance to explore the possible use of economic research methods in the field of agro-economics and the economic analysis of computerisation and biotechnology in agriculture (in addition to the already attempted diversification toward environmental economics). EAU-FESS should, in other words, try to turn more to future oriented research, as distinct from research in the field of living conditions in various Estonian (and Baltic) rural regions, that of course should not be abandoned. In the very short term, the research staff of the EAU-FESS should start a promotion of the use of foreign languages, in particular English, basically at the level of teachers and researchers.

## **Annex 1**

### **Points to be clarified further:**

1. Inventory of transition problems with respect to research (directly or indirectly):
  - already solved
  - in the process of being solved
  - unsolved.
  
2. 2 x 2 matrix of risks and opportunities in the transition process, both internally and externally.
  
3. Synthetic statistics of the evolution in the 1990 (or later) – 2000 period:
  - number of PhD students, % of those having studied or studying abroad (partially or fully),
  - number and % of PhD students involved in more fundamental economic research, as opposed to applied research
  - number and % of publications in other than the Estonian language
  - discussion papers
  - monographs
  - contributions in books and proceedings
  - articles in professional journals,
  - the same, but for publications in foreign sources,
  - list of cooperation agreements with foreign partners,
  - level and % of external research funding,
  - Estonia
    - Public
    - Private
  - Foreign

- EU
  - Other,
- visiting professors and Estonian staff abroad (in months equivalents),
- % of investment funds financed by own resources.