



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

The Open University of Israel

Department of Management and Economics

Evaluation Report

April 2007

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Chapter 1 - Background

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

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

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

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

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

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

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

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

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

Chapter 2 - Committee Procedures

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

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

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

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

This report deals with **the Open University of Israel - Department of Management and Economics**.

The committee's visit to the Open University of Israel took place on December 20, 2006. The schedule of the visit, including the list of participants representing the institution, is attached as **Appendix 2**.

The committee members thank the management of the Open University and the Department of Management and Economics for their self-evaluation report and for their hospitality towards the committee during its visit to the institution.

Chapter 3: Evaluation of the Open University of Israel - Department of Management and Economics

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

Background

The Open University of Israel (OUI) was modeled after the open enrollment system in the United Kingdom and is unique within Israel. OUI enrollment has been growing while its public funding has declined. For 2004-2005, approximately 40,000 students were enrolled in one or more courses.

Management and economics is the University's largest department. It enrolls approximately 17,000 students in one or more courses among its MBA and undergraduate programs in accounting, economics, management, and management-economics. OUI has been offering undergraduate degrees since 1993 and an MBA degree since 2003. Undergraduate students are permitted to enroll in courses without entrance requirements or exams; virtually all OUI undergraduates have completed matriculation certificates. Except for unusual cases, OUI MBA students have completed an undergraduate degree, mostly in management or economics.

Teaching and communication between faculty and students rely on sophisticated distance teaching and learning with on-line technology, video conferences, and live internet lectures. OUI operates learning centers throughout Israel where students meet tutors for periodic group tutorials and where final exams are administered.

Faculty and Administration

The OUI management faculty consists of 6 senior professors and lecturers, 50 course coordinators, and 210 tutors. Published academic research is the primary basis for faculty promotion, but developing course materials and textbooks are more important for annual performance reviews. There are many additional teaching and administrative staff members, who are critical to the organization and success of the OUI distance learning programs.

The senior faculty is responsible for course development, quality control of outsourced teaching materials, and research. Much time is given to development of teaching materials (including cases and Hebrew translations of English materials) for

OUI courses. These are well regarded and have been adopted for courses in other colleges and universities in Israel.

A few senior faculty are authoring papers that appear in scholarly journals. The faculty has published recent journal articles in a variety of major economics and business journals.

OUI has no tenure system for faculty. Because it is a distance learning environment, OUI may attract faculty for whom student contact and classroom teaching are onerous. By offering multi-year contracts, OUI is able to offset, to some extent, the labor market disadvantage of not offering tenure to faculty.

OUI faculty seem to be well connected to other universities and colleges. New OUI program proposals are routinely reviewed by faculty from other institutions.

Each course is assigned a course coordinator, who is supervised by senior faculty. Coordinators are required to have a master's degree to lead an undergraduate course or a Ph.D. to lead an MBA course. Coordinators are not classified as faculty.

The main OUI contact with students is through 210 tutors, each of whom typically handles 1.5 courses per semester. The tutors are hired as needed on a course by course basis. Tutors are not faculty members. The tutors are trained and supervised by course coordinators. Tutors are evaluated mainly on the basis of student surveys.

OUI has a dedicated group of tutors. Many have been employed by the University for more than five years. The annual turnover is approximately 15 percent. The tutors have no pension benefits and often provide their own software and internet connections. They are viewed like teaching assistants by the University, which is inconsistent with their responsibilities or longevity.

The business administration department has administrators who are crucial for student contact, distribution of course materials, and exams. The teaching services system organizes and arranges most aspects of the teaching. Effective administration is critical for a successful distance learning program.

The OUI standards are maintained by the Academic Committee of professors and senior lecturers. This committee is the highest academic authority for the university.

Programs

Since most of the OUI lectures are “distance learning,” sophisticated use of on-line technology for teaching and communication is essential. Web sites are developed for each course. The University’s Ofek live broadcasting system and the Shoham Center for Technology for Distance Education play important roles for the programs.

Undergraduate Program

The mission of the OUI undergraduate business program is to qualify students for entry level positions in the business world. Undergraduate management and economics is OUI’s largest department. It began operations in 1976. In 1993, the Council on Higher Education authorized its undergraduate degrees.

The OUI programs rely on unique textbooks, study guides, and computer models that are developed in-house. Approximately half of the exams are “open book.” There are two examinations per course, which cover text materials exclusively. Students may take each undergraduate exam twice and are permitted to fail up to four courses before being required to leave the program.

The business program includes two compulsory research seminars. These are the only courses that require class attendance. Seminar papers must be presented to the faculty member for the course. This is a means of upholding standards and giving students direct feedback from the faculty.

The typical OUI undergraduate degree is completed in approximately five years [almost all programs are officially for up to three years but actual study periods on average are longer]. This is not surprising, since students usually work full-time, study with interruptions, and often enter programs with deficient preparation.

There appears to be a high dropout rate among OUI business students, but the limited information is difficult to interpret. Some students drop out and transfer to other colleges and universities in Israel. Other students may return to OUI after not enrolling in courses for several years. A high dropout rate is not worrisome for an open enrollment program. The self evaluation report states that the success rate (assumed to be passing a course) in undergraduate courses is 74 percent.

New OUI programs are developed with consultation of scholars at other universities and colleges. New courses are required to be reviewed by three faculty members who are unaffiliated with OUI.

MBA Program

The OUI MBA program began in 2003 with the goal to qualify students for middle and senior level management positions. Admission to the 45 credit MBA program requires an undergraduate degree with a grade point average of 80, or special consideration, and approximately three years' work experience. There are 5,500 students registered for the program. Only about one-fourth of these students appear to be enrolled in one or more courses at any particular time. The self evaluation report states that the success rate in MBA courses is 85 percent.

Students are expected to complete the MBA degree in less than five years. In disciplines that evolve rapidly, current course materials may change considerably over the time that students complete their degrees. MBA students who fail three courses are normally not permitted to continue in the program. The typical course includes reading and written assignments, tutorial sessions, and a written final exam. Half of the exams are open book. The program includes two seminars with required papers. Final exams are developed by course coordinators and approved by a senior faculty member. The requirements for the exams and seminar papers are designed to maintain a quality standard for the programs.

The OUI plans to develop a small MBA program with a thesis track. This is expected to enhance the research environment of the University.

Students

The typical undergraduate business student at OUI has a matriculation certificate and is expected to show promise for a business career. Undergraduate students who do well at OUI often transfer to other universities. The key to success in OUI programs is a student's self discipline.

It is difficult to track the progress of students toward completing an open enrollment program. For a recent year, the undergraduate management and economics program graduated 611 students. The MBA program graduated 63 students. These small numbers are not surprising for open enrollments and part-time students taking courses with interruptions.

OUI students indicated a high level of interest in the program and relatively high rankings for encouraging independent thinking and the accessibility of faculty. This appears to reflect considerable student satisfaction.

MBA students may transfer up to 18 credits from another university. Approximately 15 percent of the MBA students completed their undergraduate degrees at the OUI.

Resources

The business department is the largest OUI department. The most critical resource shortage is senior faculty, particularly in marketing, finance, accounting, and entrepreneurship.

The nature of the open enrollment programs, based on distance learning, places great demands on maintaining high quality technology systems and course leadership by coordinators and tutors. The demand for new physical facilities is less than most colleges.

The Self Evaluation Report

The mission of the University and its approach to distance learning is clear. OUI provides students with a chance for an education, regardless of their previous academic performance.

The administrative structure, the undergraduate and graduate programs, the faculty accomplishments, graduation data, and course procedures are described in detail. The report discusses the roles of faculty, tutors, and administrators to deliver the OUI business programs.


Several student feedback sessions were held to develop information for the report. Student surveys on teaching are completed each semester. The department head or a senior faculty member evaluates teaching materials and the quality of instruction each year.

The self evaluation lists the individuals who participated in the report. The person responsible for the quality of the OUI self evaluation was a senior faculty member in the department of education and psychology. The business school department head, his two deputies, and a wide range of faculty contributed to the report.

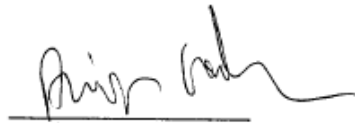
Recommendations

- The OUI has a unique mission and it should be proud of its achievements. It serves the underserved, and it appears to serve them well.
- Course grades are based on exams that are developed from course materials; therefore, it is critical to maintain the most current course books. OUI needs a disciplined program for revising and updating text materials. Course materials developed at OUI are widely used at other management programs in Israel confirming their value.
- The demands on the OUI senior faculty, course coordinators, and tutors are considerable. It may be impractical for OUI to have a tenure system, but multi-year contracts should be awarded to productive professors as well as coordinators. Some method for guaranteeing future employment and social benefits for the most successful course coordinators and tutors should be developed so that they become a stable source of course leadership and continuity. Indeed, the entire employment arrangement for senior faculty, course coordinators, and tutors deserve careful and sympathetic review.
- The tutors are the University's direct contract with its students. Providing tutors with social benefits, technology resources, and longer term commitments should be a priority. Commitments to tutors for at least twelve months into the future should be possible.
- Given the small number of OUI senior faculty and the demands on their time for course activities, their research productivity deserves a great deal of praise. The faculty has contributed recent papers to respected scholarly publications.
- The OUI should establish a maximum number of MBA theses to be supervised by each faculty member. Allowing a faculty member to supervise no more than two theses is recommended.
- According to the self evaluation report, the business area of the OUI is unable to offer additional courses for which there appears to be demand. The number of faculty is insufficient to meet the requirements to supervise courses and develop course materials.
- Additional senior faculty and course coordinators should be retained.
- Private sector fundraising should be aggressively pursued. The OUI has wonderful achievements and donors should not be difficult to identify. The School should assemble an advisory board of community leaders to assist in formulating strategies and fundraising.

Signed by:



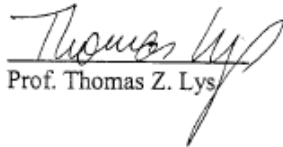
Prof. Stuart I. Greenbaum
Chairperson



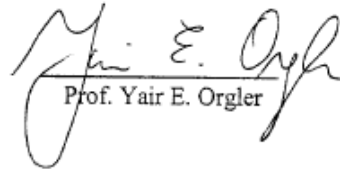
Prof. Arieh Goldman



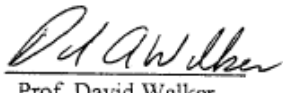
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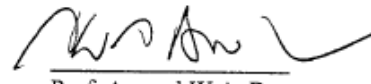
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