



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

**Tel Aviv University  
Faculty of Management  
Leon Recanati Graduate School of Business Administration**

**Evaluation Report**

**April 2007**

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## **Chapter 1 - Background**

At its meeting on March 8<sup>th</sup>, 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 to<sup>1</sup>:

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.

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<sup>1</sup>The 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 **Leon Recanati Graduate School of Business Administration, Faculty of Management, Tel Aviv University**.

The committee's visit to Tel Aviv University took place on November 9, 2006.

In order to avoid the appearance of conflict of interests, Prof. Greenbaum, Prof. Lys and Prof. Orgler who have had professional relationship with the assessed institution, did not participate in the evaluation.

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 Tel-Aviv University and the Leon Recanati Graduate School of Business Administration for their self-evaluation report and for their hospitality towards the committee during its visit to the institution.

## **Chapter 3: Evaluation of Tel Aviv University - Leon Recanati Graduate School of Business Administration**

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.

### **1. Background**

The Recanati School/Faculty of Management (Recanati) is one of the nine Faculties of Tel Aviv University (TAU) which traces its history back to the University of Natural Resources founded in 1953. Recanati was established as an independent faculty in 1965 offering the MBA program. When additional undergraduate and graduate programs were introduced in the early 1970s, Faculty of Management was added to the school's name. Tel Aviv University now serves more than 29,000 students and Recanati offers undergraduate, graduate and Ph.D. programs in the major areas of business to approximately 3,000 students.

### ***Programs***

Recanati offers the following *public* programs:

- An undergraduate dual major Management program (annual intake 130 students);
- An undergraduate dual major Accounting program (annual intake 160-180 students);
- An MBA program (annual intake 400 students);
- A Master of Health Management program (annual intake 40 students for a two-year program);
- A variety of Master (of Science) programs, both with and without theses (annual intake 80 students);
- A doctoral program (approximately 90 students in total).

Recanati also offers a number of *non-public* programs:

- An English-language executive MBA: a two-year weekend MBA program offered collaboratively with the Kellogg Graduate School of Management (annual intake 50-60 students);
- A Hebrew-language executive MBA (50-70 students per year);
- An MBA with specialization in financial management (annual intake 70 students);

- A fourth year accounting program which prepares students for the Israeli CPA examinations (annual intake 80 students);
- An MBA with a specialization in technology management (annual intake 60 students).

Income from the non-public programs has in the past permitted Recanati to supplement faculty salaries and to subsidize other activities. Recanati is the only Israeli business school or program accredited by AACSB.

Recanati had a credible international reputation, but has faltered in recent years. It maintains valuable working relationships with leading business schools abroad, particularly the Kellogg School at Northwestern University and the Wharton School at the University of Pennsylvania.

Recanati's mission includes (see p. 19-20 of the self-evaluation report):

- Excelling in the delivery of management education.
- Producing the highest-quality internationally recognized research.
- Recruiting, developing and supporting outstanding faculty with international reputations.
- Maintaining close working relationships with businesses in Israel.
- Maintaining strong working relationships with leading business and management schools abroad.

Many in Israel's business community consider Recanati preeminent in Israel. The school has achieved international rankings visibility, but has slipped off the charts in recent years.

Many, including Recanati faculty and leadership as well as TAU administration, candidly admit that "Recanati is in crisis." In the past five years the school has lost 40 percent of its faculty. The tenure-track faculty shrank from 74 in 2000 to 43 FTEs (full time equivalents) in 2005. The average age of the faculty is 55 and the distribution is skewed to seniority.

A number of explanations are offered:

1. TAU's budget has been reduced 23 percent in the last five years.
2. A generous early retirement program has been widely used by Recanati faculty with lucrative alternatives.
3. The University has frozen surpluses from non-public programs and has made it difficult to use these resources for faculty support.

4. Other institutions, both in Israel and abroad, offer young research-active faculty more attractive compensation.
5. Even when promising young faculty express interest in joining Recanati, the University restricts hiring.

### ***Teaching***

Recanati continues to enjoy a good reputation among students and the Israeli business community and an excellent reputation in executive education owing to its partnership with Kellogg. However, faculty attrition has damaged the quality of teaching:

- Much teaching is done by adjunct faculty and Ph.D. students. Core courses in the MBA program and even advanced electives are increasingly taught by Ph.D. students and adjuncts.
- Students complain about their access to professors.
- Class hours per course were reduced in the MBA program leading to total program hours that are less than at other Israeli universities and below international standards (a reform promised for next year will restore the longer, two unit core courses.)
- Complaints were heard about class attendance.
- Differences between regular MBA and EMBA classes are minimal and improvements in teaching materials and methods that were initiated in the executive programs are gradually being migrated to the public programs.

### ***Research***

The reduction in tenured staff has impaired research productivity as reflected in the decline of Recanati's rankings among the top 100 business schools. The existing tenured staff, although diminished, still includes scholars of renown, but there is an urgent need to augment the research-active faculty.

### ***Outreach***

Given the many duties of the diminished faculty, relations with the business community have suffered.

## **2. Recommendations**

### *Teaching*

1. Adjunct faculty should be used to complement and *not* substitute for tenure-track faculty. Adjuncts have an important role in teaching practical skills and selected professional courses, but should not be teaching core courses or others for which tenure-track faculty have competence.
2. Adjuncts should be better integrated within the school and its programs.
3. When possible, create synergies between teaching and research for Ph.D. students.
4. Introduce a required course in accounting, subsuming management and financial accounting, for MBA students.
5. Given the large number of adjuncts and Ph.D. students who are called upon to teach, make sure that they have the needed support and training.
6. Introduce more practical skills courses in the MBA program, such as communication—written, oral and electronic—working in teams and project management. Adjunct staff is especially suited to teaching these courses.

### *Research and Ph.D. Studies*

1. The independent research institute affiliated with Recanati could become an important research facilitator. At present, it only provides limited financial support and assistance in submitting research proposals to outside sources. More resources are needed so it can expand activities. The overhead from executive programs could provide the needed resources.
2. Add more endowed chairs to support research and retain high quality faculty.
3. Connect Israeli Ph.D.s to the European job market and hire European faculty. The latter will require more courses taught in English, a benefit in its own right.
4. Increase the number of scholarships for Ph.D. students.
5. Establish a national consortium for Ph.D. studies that will offer Ph.D. level courses (this recommendation is discussed in greater detail in the general report of the Committee).

### *Faculty*

1. The sustained success of business schools requires a certain minimal faculty size. Among Israeli business schools, Recanati came closest to achieving this minimum. Thus, the first and foremost objective is to restore the size of the faculty to where it was seven years ago. This needs to be done gradually, given the availability of candidates. But unless this restoration is energized soon, Recanati will continue to deteriorate. The central administration should work closely with Recanati leadership leveraging ties with the business community and the appeal of business schools. Creative methods for helping Recanati should be explored. One possibility is the establishment of “soft money” positions as was done in the real-estate institute affiliated with Recanati.
2. Short-term visiting positions for faculty from leading universities in the U.S. and Europe should be established. Israelis teaching in such institutions are natural candidates for these positions, but other faculty should be considered as well.
3. Visiting faculty in the Kellogg-Recanati program are a valuable resource. They should be encouraged to teach in the public MBA program. Mini courses in English would be of great value to MBA students, and also to the Ph.D.s.
4. To Recanati’s credit, it does not seem to have compromised its hiring, promotion and tenure standards.
5. Recanati needs to work harder to overcome the “brain drain.” Faculty compensation is clearly a major factor. Given the uniform (low) national pay scale of university faculty, innovative ways should be found to augment compensation for Recanati’s tenure-track faculty who excel in research. For example, research grants might include a salary component or more generous pay may be offered for teaching executives. The university central administration will need to support such arrangements.

### *Relationship with the Business Community*

1. Corporate and alumni relations deserve serious effort and resources. The Dean and his limited support staff are actively engaged in fund raising in

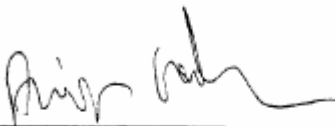
Israel and abroad. The central administration should encourage this activity rather than restricting it.

2. Adjunct faculty should serve as a bridge to the business community. They should be used to expand contacts with the business community.

### **3. Concluding Remark**

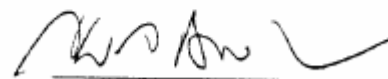
Recanati has the potential to bring both luster and lucre to the University, but it requires more support from TAU's senior administration. Recanati built a strong "brand" and has a history of entrepreneurship and innovation. The current paucity of resources and decline in faculty size have had a chilling, even devastating, impact on morale and effectiveness. This is the most critical problem of the School. Recanati is the only AACSB accredited business school in Israel. It was an international "player" among business schools of the world. Sadly, it has lost much ground in recent years. The TAU administration needs to decide whether to work towards restoring the School to its earlier state of prominence or watch it whither into a mediocrity that will be ever more costly to reverse.

**Signed by:**

  
Prof. Arie Goldman

  
Prof. Peter Leeftang

  
Prof. David Walker

  
Prof. Arnoud W.A. Boot