Consortium for Enhancement
of Ukrainian Management Education

Building Management Education
in Ukraine

A Blueprint for Action

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ACKNOWLEDGEMENTS

Since spring 1989, a historical transformation embraced country after country in Central and Eastern Europe (CEE). In 1991, Ukraine gained independence and started this historical transformation with enthusiasm, high expectations, hopes, and fears for an unknown future. As the decade of experience of CEE countries indicates, one of the major ways of sustaining the transition process and reducing the fears and backlashes generated by the old system is education of the society. Only educated people can understand the historical opportunity for change and make conscious decisions in a participatory, democratic process. Education is no less important for restructuring outdated and inefficient economies and making them competitive on world markets. This is a particularly important role for economic and management education that is responsible for producing the new human capital necessary for the success of economic transition.

This historical challenge was well understood by the Ukrainian academic community from the beginning. Academia responded by establishing many new business schools – mostly private ones—and changing academic curricula within existing educational institutions. During the process of making these changes Ukrainian representatives of academia examined the western experience of business education and that of CEE countries. These efforts to study and creatively apply foreign experience to Ukrainian conditions were widely supported by western governments in the form of technical assistance. An example of foreign assistance is the United States Agency for International Development (USAID) supported project entitled “Ukrainian Business Management Strengthening Activity.” This project, implemented by the Consortium for Enhancement of Ukrainian Management Education” (CEUME), has been involved in supporting the movement to change business and management education in Ukraine since the beginning of 1999. At the CEUME Inaugural Conference conducted in April 1999, over130 Ukrainian economic and management education leaders launched the movement toward the development of a program document—a Blueprint for the reform of business education.

The process of developing the Blueprint was long and complex. Included were national conferences in December 1999 in Odessa and November 2000 in Lviv and over 40 roundtable discussions with over 1,400 participants. The final product of this participatory process, Building Management Education in Ukraine: A Blueprint for Action, is the work of many hands and minds. All deserve deep appreciation for their contribution to the process of developing the final version of the document. Although it would be impossible to list everyone who assisted in forming the ideas, practices, and concepts behind this paper, the
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The Blueprint has generated significant interest from scholars in Europe, the United States, and Canada. Most of them participated in the national conferences. Some of them served as consultants for the Ukrainian leaders during their study tours to the United States and Poland in 1999 and 2000. Among those who provided extensive comments on the Blueprint were Professors at the University of Minnesota: Ann Hill Duin, John E. Brandl, Richard S. Bolan, and G. Edward Schuh of the Hubert H. Humphrey Institute of Public Affairs; John Fossum from the Carlson School of Management, and Joseph Mestenhauser of the College of Education. Also from Minnesota, Professors William Estrem and William Rudelius of the University of St. Thomas’ Business School provided valuable commentary the document. In addition, Professor Henryk Sterniczuk from the University of New Brunswick Business School contributed to the Blueprint development process.

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EXECUTIVE SUMMARY

1. The main goal of this Blueprint is to provide Ukrainian leaders in education, business, and government with information and guidance to take action to enhance management education. This is critical to meet the challenges of a civic society and market economy as Ukraine enters the twenty-first century. Investing in human capital is the only way to make the Ukrainian economy competitive on global markets and sustain this competitiveness that will achieve economic and social stability.

2. This Blueprint is a collective product of over 1,400 participants (representing over 100 Ukrainian educational institutions) attending three national conferences and 40 roundtable discussions organized by the Consortium for Enhancement of Ukrainian Management Education (CEUME). The analysis of the current situation in management education is based on sociological surveys of approximately 1,150 Ukrainian business people, faculty, and students.

3. The analysis indicated that the state of Ukrainian management education is neither better nor worse than Ukraine’s economic and social development. As with any other type of activity, education can provide examples of exceptional cutting-edge professional skills and high-quality performance demonstrated by individuals and institutions. However, in most cases the education system remains more conservative and resistant to change than the business sector.

4. The first part of the Blueprint presents a comprehensive analysis of all major stakeholders, their interests and their demands. This analysis shows that many universities and business schools are reluctant to risk introducing new curricula and teaching methods in response to the changing needs of the business sector. This way they avoid significant development costs and prevent potential failures. It is cheaper and easier for them to implement traditional schemes of education regardless of their inadequacy to current business needs. Unfortunately, many potential consumers have already become accustomed to this and accept mediocrity in educational institutions. It also means that demand for modern business education in response to globalization is not well articulated either by the new and inexperienced business community or by newly established business schools. Therefore, closer links need to be built between Ukrainian business schools and international partners as well as between business schools and Ukrainian businesses.

5. The second and the largest part of the Blueprint is devoted to designing and delivering quality education. After an analysis of major challenges and problems, the Blueprint offers examples of best practices and
suggests actions. The analysis of quality education is based on the major needs influencing the teaching process including: faculty development, curriculum revisions and upgrading, course development, improvement of teaching methods, support for research activity, classroom resources, and access to libraries and information technology. Due to the different orientation of management education in the past, the number of academic instructors who can deliver modern curricula and interactive teaching methods in Ukraine is still limited. Attempts to achieve proficiency in modern management education are motivated more by individual professional ambition than by the current system of faculty development. Therefore, incentives in the form of opportunities for faculty and curriculum development, for retraining faculty, for introducing new teaching methods and new instructional technology have to be introduced and encouraged. Faculty who participate in these trainings and revise their courses will have to be rewarded. The other significant limitation to innovation in management education are existing government regulations and bureaucratic habits developed in the past under a different system. These impose limitations on the content of curricula, organization of the teaching process, methods of teaching, evaluation of students and faculty, and many other aspects of academic activity.

6. The third part of the Blueprint focuses on current conditions, future challenges, and best practices of effective management of business schools. Based on extensive research, the Blueprint presents four types of business schools and suggests different strategies to effectively manage educational institutions. Academic leaders responsible for managing business education are facing major challenges stemming from the dual role of business schools as academic institutions and business organizations, responding to two different basic objectives: providing high-quality education and generating profits. Unfortunately for the majority of business-education leaders, these two objectives seem diametrically opposite. They do not perceive the direct link between delivering high-quality business education and securing the long-term financial sustainability of the enterprise. For that reason, the most important task for the Ukrainian education leaders is a significant improvement in the effectiveness and efficiency of their own institutions, particularly in managing their most valuable asset, their human resources, faculty and staff.

7. The fourth part of the Blueprint presents 47 policy recommendations for all major stakeholders starting from the most important for implementation of this blueprint-business-school management—through faculty, different levels of government, businesses, students, the public at large, and Ukrainian and foreign donors. The Blueprint is supplemented with numerous appendices that provide additional data and source material.
INTRODUCTION

1. Ukraine is fast approaching the tenth anniversary of its independence while still undergoing economic and social transition into a full-fledged market economy and civic society. After centuries of struggling for independence, Ukrainians achieved independence due to geopolitical changes at the end of the Cold War and the exhaustion of economic and political resources that kept the Soviet Union together. The establishing of an independent Ukraine caused an eruption of enthusiasm and new energy throughout the nation and brought support from all over the world. The unified internal and external resources should have built a foundation for a healthy market economy and democratic political system.

2. Sustaining Ukraine's independence, however, remains a challenge. Fortunately, Ukrainians currently live in a relatively friendly geopolitical environment. In such circumstances the primary means of sustaining independence is to create a prospering economy and a sound, democratic, fair, and stable political system. These two pillars of sustainability depend on the development of human capital. The experience of the most prosperous countries shows that most of their wealth and the strength of their economies comes from human capital. They invest in education systems to secure prosperity. The recent history of central and east Europe shows that successfully completing the transition confirms the critical role human-capital development plays, particularly in economic management and entrepreneurship. This experience also indicates that economic and management education for business is one of the most important factors for a successful transition. Therefore, it is essential that all transition countries focus on management and economic education because it produces sustainable, efficient economic growth and strengthens competitiveness in international markets. The most advanced countries in transition realized the most significant growth in enrollment of executive and day students in business education compared to other areas of higher education. Education for executives and managers was usually supported by the businesses for which they worked—businesses that made a wise investment in the human capital of their employees.

3. For many years, Ukrainian educational institutions delivered a strong set of courses in the physical sciences and mathematics, and the educational infrastructure supported a command economy. That model, however, is not effective in transition conditions. What Ukraine now needs is to rapidly develop the organizational and managerial talents necessary to competitively perform in the global economy and in a free labor market. The development of management skills is necessary for Ukraine to leverage its human capital. To successfully complete the transition and se-
cure a prospering economy, Ukraine badly needs liberally educated leaders to run businesses, the economy, and government. Management education is a critical factor since it integrates a number of elements necessary for successful institutions and enterprises. The emerging knowledge-based economy further emphasizes the need for successful managers. Ukrainians cannot afford to miss this historic opportunity to join the global community through the creation of a healthy market economy and a civil society. The only way to do this is to invest in human capital through education of business leaders and managers of today and students who will be the leaders of tomorrow.

4. The purpose of this Blueprint is to provide Ukrainians with information and guidance to make critical decisions and take action to enhance management education. Leaders in education, business, and government must meet the challenges of a civic society and market economy as Ukraine enters the twenty-first century. The Ukrainian economy must become competitive on global markets and sustain this competitiveness for the sake of economic and social stability.

5. This Blueprint contains an analysis of the current situation in management education in Ukraine and abroad, provides examples of best practices, suggests actions, and provides policy recommendations.

6. The Blueprint is organized around three main topics for management education:
   - Satisfying the needs of stakeholders;
   - Developing and delivering quality education and training programs; and
   - Effectively managing educational institutions.

A further section presents the most significant policy recommendations related to these three major themes. Appendices provide more detailed information and lists of major contributors to the Blueprint.

7. The audience for the Blueprint includes Ukrainian academic, business, and political leaders. It also addresses important issues for faculty and students. Finally, it is intended for the general public as a tool to increase their awareness and mobilize their support. As such, this document’s implication go beyond what is often traditionally understood by the term “business education.” Business education in Ukraine must impart more than a body of narrow technical skills; it must provide a change in mindset and skills necessary for building a strong civic society and furthering democratic processes.

8. The process of preparing the Blueprint spanned almost two years and involved hundreds of Ukrainian academic, business, NGO and political leaders. It was initiated during the Consortium for Enhancement of Ukrainian Management Education’s inaugural Conference in April 1999, and continued through the First National Conference in December 1999 and the Second National Conference in November 2000. Over 600 participants attended these conferences—among them rectors, prorectors, deans, other academic leaders, distinguished professors and academicians, high-level Ukrainian government representatives, and representatives of...
businesses and NGOs. The two national conferences were each preceded by 20 roundtable discussions held in all the regions of Ukraine. Over 800 participants of these roundtables focused on the issues covered in the Blueprint. In addition, approximately 1,150 Ukrainian business people, faculty, and students were surveyed to discover their opinions and ideas on business and management education. The process of Blueprint preparation was designed to enhance maximum participation of representatives of academic and business communities and to give policymakers and NGOs an opportunity to provide input. This grass-roots document expresses the desire of representatives of over 100 Ukrainian educational institutions to undertake decisions and actions to meet the challenges facing Ukraine as it takes its place in the global community.

9. The expected outcomes of the Blueprint include inspiration for decision makers in the Ukrainian government, particularly the Ministry of Education and Science, in setting up a framework for far-reaching modernization of management education and facilitation of the already pending processes of curricular and pedagogical reform initiated by some leading universities and business schools. The prepared recommendations outline particular areas that are crucial for building successful modern management education in Ukraine. The Blueprint will also guide academic leaders in designing action plans to respond to twenty-first century challenges.

10. CEUME, an organization composed of two American universities (University of Minnesota and University of St. Thomas Graduate School of Business) and two Polish universities (Warsaw School of Economics and University of Warmia and Mazuria), facilitated the preparation of the Blueprint and hosted many of the meetings and roundtables. CEUME has been contracted to implement and manage a United States Agency for International Development (USAID) funded project entitled the “Ukrainian Business Management Strengthening Activity.” The project’s main goal is to help Ukraine move from a command to a market economy by enhancing and empowering Ukrainian management-education programs to produce a new generation of business persons able to work through the economic transition. The efforts of these business people will eventually lead to a more sustainable business environment. CEUME, working through its six regional centers, will monitor and facilitate implementation of the Blueprint.

11. Throughout this Blueprint the terms business education and management education are used to refer to a broad set of programs offered by a variety of business, management, and economics departments, schools, and universities (large and small, public and private). These terms are used in the broadest possible sense to convey that the Blueprint refers to business education as more than merely imparting of a narrow set of technical skills, although these have their place. It additionally refers to the teaching of critical thinking, creative problem-solving, and informed decision-making which will make graduates better employees and better citizens of Ukraine.
1. SATISFYING THE NEEDS OF STAKEHOLDERS

1.1. Overview

12. For business schools to be successful as businesses, they must understand and satisfy the needs of stakeholders. Stakeholders are all of those who have a stake or an interest in business education. The list of stakeholders is long but at the top of the list are customers such as students and businesses. Other stakeholders include those who have important interests in the schools themselves and in the future of business education in Ukraine. According to the participants of the roundtables and national conferences the major stakeholders in Ukrainian business education are:

- students
- businesses
- faculty
- management of business schools
- public at large
- national and local/regional governments
- Ukrainian and foreign donors

13. To satisfy stakeholder needs, business schools must take into account the concerns of a wide range of interested parties and ask for whom they are operating. Better understanding and satisfying the needs of stakeholders is at the heart of how Ukrainian business schools will transform themselves. The first step is to identify major stakeholders and their interests; next, provide examples of how stakeholders can be satisfied by delivering high-quality education; then, recommend institutional or policy solutions to deal with identified problems and challenges.

14. At present, given the circumstances in a society where the status of private property is still uncertain and old-fashioned administrative methods prevail, the majority of business schools function to satisfy the demands of administrative and governmental authorities. Because most state business schools are almost entirely dependent on government funding, their main concern is preserving this funding rather than serving the interests of students and businesses. This is but one example of the problems business schools face.

1.2. Stakeholders

Students

15. As customers, how students perceive business schools is becoming more important because more of them utilize their own financial resources to pay for their education. Student incentives for investing in education include:
• Obtaining a formal degree in order to start a career or to change it;
• Expanding their knowledge and skills for the purpose of career development; and
• Satisfying a desire for self-improvement.

16. The situation of students varies as influenced by experience, age, gender, and educational level. There is an urgent need to tailor curriculum and teaching methods to meet the needs of the student body, particularly because it is increasingly composed of adult students.

17. A survey of business-school students (Appendix 5.5) revealed that the vast majority believe there is a greater demand for broadly educated specialists in the current economic conditions.

18. Students demand that instructors present knowledge in an interesting way with interactive learning methods. In the opinion of survey respondents, learning practical skills and getting real world experience, supplemented with profound theoretical knowledge, are the most important aspects of modern education. Students wish to spend more time working as interns in companies. They want to spend more time working on real-world problems and to organize meetings with working professionals. Most of the respondents consider interactive learning methods much more effective than lectures, and they suggest devoting more than half of the total class time to interactive learning. Currently, most class time is dedicated to traditional lectures.

19. The students majoring in business or economics have chosen their majors due to the prospects of a future profession. Most are fully satisfied with their choice and almost all wish to work in a field related to their major. This proves students are highly motivated for their studies. At the same time, only about a third feel confident that they will find a job in their specialty after graduation. Only a small fraction of students are already working on a regular basis.

20. The average estimate of the professional level of graduates in their institutions is relatively high, but only a fifth of the respondents feel that they receive knowledge and skills sufficient for future successful professional activity. For that reason, students ask for services that will assist them in their professional development and getting a job after graduation. These include:
• Career counseling;
• Internships with businesses; and
• Job placement.

21. The supply of textbooks and other required educational materials is unsatisfactory. Alarmingly, almost half of business students are using textbooks published before 1990. How could using books published before the transition help Ukraine to transform to a new system?

22. Different student categories and expectations require an individual approach in terms of program design, selection of training methods, and quality-assessment criteria. Traditional formal education envisions a clear awareness of a common body of knowledge that is easy to check via a
formal examination. Yet, skills such as the ability to analyze, to differentiate between the substantial and secondary matters, to be able to communicate ideas while listening to the thoughts of others are difficult to evaluate objectively. These important managerial skills are difficult to cultivate using traditional methods of training. A choice must be made about whether traditional or modern educational practices will be the standard, and that choice should depend on the needs of the graduates the business school produces and what roles they are expected to play after graduation.

23. In judging the effectiveness of schools’ ability to satisfy the needs of students, the outcome of students’ career advancement must be considered. Students must possess developed skills that allow them to obtain desirable jobs.

**Businesses**

24. The majority of business schools do not have a clear policy toward effective relationships with Ukrainian and international businesses that would benefit both the schools and the businesses. Small institutions that are more flexible seem to have an advantage in responding to changing business conditions. They also realize that businesses will invest in the education of their employees only if they can see immediate practical results from that education.

25. In surveys of Ukrainian business attitudes toward business education (see appendices 5.3 and 5.4) most respondents noted that a traditional business education degree is not a critical criterion in selecting a new employee. Almost 50 percent stated that a traditional degree in business would not even be a factor in hiring decisions. In general, business gives preference to experience rather than to a business degree. In the opinion of managers, degrees from Ukrainian institutions do not guarantee that the person has appropriate skills.

26. Nevertheless, there is evidence that the importance of business education for Ukrainian businesses is growing. This process should last at least for the next four to five years. Thus it will be easier to find a specialist both with experience and a business education. Those who believe in business education expect graduates to have more profound knowledge of economic laws and business models, be prepared to work immediately after graduation, and expect a disciplined, mature individual with a desire for further professional development. Since Ukrainian business education is currently in a nascent stage, employers consider any degree from a higher educational institution to be an asset.

27. Active cooperation between educational institutions and businesses was named as the least developed area (in comparison with the situation in the West) but also as the most critical factor for business education. Large- and medium-size businesses have shown an interest, desire, and readiness to cooperate with educational institutions. Small businesses appear to lack an appreciation of how they can benefit from business education and training.
28. In the opinion of many managers, education programs at Ukrainian business schools do not correspond to current business needs in terms of specialization, curriculum content, and development of personal skills. Practical experience in business is a required criterion for increasing the quality of both faculty and students.

29. Criteria used to compare Ukrainian and western business school graduates by businesses include:
   - Attitude;
   - Critical thinking;
   - Self-esteem;
   - Professional skills;
   - Ability to work in Ukraine;
   - Organizational skills;
   - Specialization; and
   - Communication skills.

30. Businesses believe western business-school graduates have more systematic thinking and express their ideas more clearly. They are more independent, open, and confident. Ukrainian graduates have a better feel for the Ukrainian market and are able to adapt to local conditions.

31. The qualities employers seek in employees are related to attitude, skills, and knowledge. Business people expect business education not only to impart knowledge but also develop skills and attitudes. The business education degree will be meaningless until business education starts to develop the qualities required for the successful operations in business.

32. Effective employees have to be energetic, take initiative, and be responsible. They have to be loyal to the company and creative. Employees have to have good communication skills, be able to analyze and synthesize information, and effectively cooperate with others. Business prefers to employ specialists, rather than those with a general type of education. They should have specialized knowledge and at the same time be able to understand the system as a whole.

33. According to business people Ukrainian companies specializing in business education and skill training are weak. Therefore, businesses are taking responsibility for the development of their employees’ skills. Thus, part of the task of business education is being performed by businesses themselves. Business managers are attentive and demanding customers, so their expectations of educational quality are high. They are also eager to invest in education when quality is guaranteed.

34. Businesses lack information about the research activity of business schools and their training materials. The majority of the respondents did not even know that business schools develop such materials. Thus, business education is poorly positioned to satisfy the needs of one of its major stakeholders. The majority of those who used training materials imported textbooks and training tools produced by western business schools.
35. Research among members of a business association representing more than 400 enterprises in western Ukraine shows that most managers are willing to offer management positions to experts capable of making independent decisions. The most desired management staff category is managers who take initiative to enhance the functions they perform. One third survey respondents seek top-level managers capable of developing business strategy.

36. Almost all managers agree that success in business lies at the crossroad of managerial knowledge, business skills, and an internal energy of a particular individual. Yet, a lack of consistency between program quality and business demands characterizes the majority of business education institutions in Ukraine.

**Faculty**

37. Teaching personnel are the primary and most valuable asset of an educational institution. The success of education depends on faculty. To function well in the modern business school, faculty need a re-training program that will give them the skills and knowledge to do their job better.

38. At present, Ukrainian business-school faculty face a wide range of challenges. These include:

- the lack of a systematic teaching approach so programs are often loaded with unnecessary courses;
- courses are not based on current information;
- content of different courses often overlap or duplicate information from other courses;
- courses that do not correspond to international standards complicate the process of transferring credits and degrees to schools outside the country and hurt the ability of students to compete for jobs within foreign companies;
- over-reliance on traditional teaching methods, lack of communication skills and unfamiliarity with new teaching techniques;
- deficiencies in professional ethics and discipline; and
- lack of effective relations with the business world.

39. In a survey (Appendix 5.6), faculty at Ukrainian business schools also identified numerous challenges:

- The vast majority stressed the insufficient quantity of quality textbooks.
- Almost all noted lack of collections of tests and problem-solving exercises.
- Case studies and methodological materials for case studies are in poor supply.
- A great deficit exists in textbooks in finance, investment, accounting and audit, operations management and logistics.
- The quality of accounting and audit textbooks is poor.
- Only one third of respondents believes that students are provided with the minimum required literature, including basic textbooks.

40. Among the factors that hinder scientific activity among faculty, the factor most frequently stressed is the absence of financial resources. For
example, faculty identify the following reasons for not engaging in scholarly activity:
- They have no financial incentives.
- They must cover publication costs themselves.
- There is little time and an overload of teaching hours.
- They lack a sufficient number of specialized journals.

41. Less than half of faculty believe there is enough available information on scientific research in the field. The remainder say they rarely get such information. Few faculty feel there is a system to support scholarly activity in their institution, including financial incentives.

42. There is no confidence in the existing system of professional faculty development. Training activities for professional development are not systematically organized, monitored, and evaluated. There is also insufficient information about training opportunities.

43. Although the picture of faculty members taken from survey data seems rather grim and pessimistic for business education, it contrasts with a survey conducted by CEUME among faculty members involved in implementation of case-study methods (Appendix 5.7). The second survey reveals great enthusiasm for implementing interactive teaching methods and case studies at Ukrainian universities. It shows that even in difficult financial and organizational conditions and without special incentives to introduce new teaching methods, there is still a powerful movement stemming from the professionalism of the faculty to improve their performance and better serve students and business. The motivation of these faculty is a crucial asset for the future of curriculum reform in Ukraine.

**Business School Management**

44. The management of business schools is a critical stakeholder because it is directly responsible for the whole institution of business education. It stands between the two major stakeholders (students and businesses) who create demand for business education, and other important stakeholders, particularly their own faculty and the Ministry of Education and Science (MOES) who shape the supply side of business education. Satisfying often-conflicting needs of those major stakeholders is the main task for business school management.

45. In the old system, the situation was much clearer, since management was mostly focused on satisfying the need of MOES, the major supplier of resources for public business schools and the main performance evaluator. Today, the situation is much more complex because there is a market for business education—still young and imperfect but competitive enough to look carefully at customer needs as a source of revenues. This is the case for both private and public schools, although the first group’s survival depends entirely on the meeting customers needs while public schools still have a state subsidy preventing them from bankruptcy if they do not sell their services. There is, however, a price for such a financial “cushion” in less flexibility in responding to the needs of the customers in designing their curricula, hiring/firing faculty, and in organi-
zing and delivering education services. Despite the differences between those two groups of business schools, the management has to meet the same two criteria:

- deliver high-quality education; and
- secure sustainability of the organization.

46. All academic leaders of business schools would like to have stable support for business education from the national and/or regional/local governments and minimal intervention from that still powerful stakeholder. They would prefer general guidelines as opposed to the micromanaging that is still present in the state sector.

47. The tension between those two stakeholders (MOES and business) is particularly visible in private business education where schools experience too much intervention in the form of curriculum control and academic standards from MOES and receive too little support for their activities. They are experiencing mixed signals regarding their performance—high market rewards from major customers versus their rating at MOES or conflicting situations with the bureaucracy.

48. This conflict is serious because it endangers schools’ viability if they decide to maximize the interests of one of the two stakeholders. Financial success may not equal meeting minimum MOES requirements, while the effort to fully meet MOES requirements does not necessarily ensure enough revenue to sustain the operation of the school. This conflict also exists among public schools but is not as explicit as in private schools.

49. There is also tension between customers and faculty. The customers’ demand for high-quality education often meets the resistance of overworked and underpaid faculty. Faculty, in order to cope with their personal and family needs, are trying to maximize their income by multiplying offerings of rather mediocre courses instead of focusing on developing new, ambitious, state-of-the-art courses. This tension between quality and quantity is a challenge for school management and can be only resolved by introducing a good performance-based motivation system.

50. In addition to the above tensions, the business-school management must establish good relationships with regional and local governments, as well as with Ukrainian and foreign donors—understanding their different interests and satisfying their expectations.

51. In general, management has to bridge two different worlds that were separated for a long time in Ukraine—academia and business—with two different philosophies and modes of operation. On the one hand, they need to operate as academic organizations that meet the highest academic standards, preferably international standards. On the other hand, they need to sell their services and survive as business organizations. For all these reasons, the management of Ukrainian business schools has the most stressful environment to operate among all business-education stakeholders.
Public at Large

52. At present, there is little public knowledge of or interest in business education and business schools. However, there are signs that things are changing and the most active part of society beyond business, activists of non-governmental organizations (NGOs) are getting interested in obtaining business-like managerial skills. They may prove a good channel of communication with the public. In addition, public outreach and improved public relations and ties to the media should be part of promoting business education to the public at large.

53. Ukraine has a limited number of small- and medium-sized enterprises compared with central European countries and the West. This is a significant impediment to the transition to a market economy and sustainable development. Business schools are not sufficiently interested in designing programs for this small but important and potentially dynamic sector in Ukraine.

54. Due in part to restructuring of some Ukrainian industries there is growing unemployment. Retraining people from the old industries for the new economy is an undiscovered market opportunity for business education.

55. Another as yet almost unrealized channel of communication with the society is through alumni associations and business advisory groups. Developing such organizations is also a challenge for business school management and a chance to provide new services and generate revenues.

56. Although identifying the needs of “society” as such is problematic, in Ukraine the building of a civic culture and society depends on education. Business schools can play an important role. By fulfilling the desire for self-improvement and imparting a common body of knowledge, Ukrainian business schools can serve the common good.

National and Regional/Local Governmental Institutions

57. The Ukrainian Ministry of Education and Science is a major stakeholder in management education. The ministry acts as guarantor of accepted standards for educational institutions in Ukraine through licensing and setting strict guidelines for curricula implementation by the schools. It issues diplomas and other official documents. Although the general role of the MOES as the leading education policy maker and guarantor of quality education is not questioned by Ukrainian business school managers and faculty, the rigidity of its policies and standards and its bureaucratic micromanagement are often criticized not only by academia but also by business and student representatives.

58. The ministry’s major challenge is to reform itself from a “manager” of education to educational policy maker, as is typical for western societies based on democracy and market economies. Because it is impossible to manage the whole educational system, responding on time to all new challenges, MOES should focus on developing good policy and instituti-
ional arrangements and leave the management of educational institutions to their academic peers.

59. The appearance of distance learning and information technology in academia and the rapid increase of adult students and foreign organizations in the education market have created new challenges to be resolved through new legislation. Due to the rapidity of those processes and continuing changes, new laws and regulations have to be flexible enough to speed up technological and curricular progress in Ukrainian business schools. Inflexibility and delays will marginalize the significance of Ukrainian business education and give preferences to foreign business schools offering modern education in Ukraine.

60. The other important stakeholder within this group is the Ministry of Labor, which is responsible for regulating the labor market in Ukraine. It is important for business education to have a clear picture of labor market regulation in order to prepare graduates. There is an urgent need to adjust the labor code and job classification system to respond to technological changes and international standards. Answering the question “What should a graduate of a Ukrainian business school know and be able to do?” should provide important insights.

61. Unfortunately, few regional and local governments view business education or academia in general as an “engine” of development. To change their perspective requires more information and lobbying activities by business-school representatives to educate regional and local policy makers about the potential role of the business education for the region or city.

62. Another problem often mentioned among faculty is poor communication between different government agencies and levels regarding education. Better communication with government institutions would allow business schools to fulfill the demands of such institutions while providing impetus for changing how government views business schools.

Ukrainian and Foreign Donors

63. Since the beginning of the Ukrainian transition, a new stakeholder has appeared—private donors of Ukrainian and foreign origin. This is a new opportunity to pursue ambitious programs despite the lack of sufficient state funding. Current experience, however, clearly indicates that there are serious problems in articulating requests and meeting high professional standards for proposals submitted to donor agencies. Developing proposal-writing skills, actively lobbying, and educating potential donors are challenges for Ukrainian academic leaders and faculty.
2. DEVELOPING AND DELIVERING QUALITY EDUCATION

2.1. Overview

64. The primary way to satisfy stakeholder needs is for business schools to develop and deliver high-quality, up-to-date education. This is a process of continuous improvement for educational institutions due to constant changes in the business and regulatory environment, changes in information technology, and intensified globalization. Unfortunately, Ukrainian education institutions are still far from meeting this basic objective due to multiple problems and challenges.

65. In order to meet these challenges, business schools should identify the crucial factors influencing the quality of education, there is the need for:

- Continuous faculty development;
- Periodic curriculum revisions and upgrading;
- On-going course development;
- Improvement of teaching methods;
- Support of research activity;
- Classroom resources enhancement; and
- Expanding access to libraries and information technologies.

66. Implementing these aspects of excellent education depend on the effectiveness of academic leadership and their efficiency in securing funding for incentives and rewards, and in managing and mobilizing skills of faculty members and staff of each business school. It also heavily depends on the real commitment of faculty members to meet the challenges of continuous improvement, of their creativity, knowledge, and skills. Finally, it depends on the understanding and support of other stakeholders interested in high-quality business education in Ukraine.

2.2. Problems and Challenges

67. Major challenges associated with designing and delivering quality education include:

- Quality and efficiency of business management courses;
- Application of up-to-date and effective teaching methods;
- Design and quality of training materials;
- Knowledge of best business practices as demonstrated by instructors;
- Creation of professional- and skill-development programs for faculty;
- Development of research activities by instructors;
- Enhancement of the reputation of business schools;
• Establishing a close academic relationship between Ukrainian schools and reputable foreign educational institutions;
• Improving “instructor-to-business” relationships, including promoting; consulting activities by instructors to enhance the quality and practicality of training courses; and
• Redesigning policy in the area of personnel development, including professional development, staff selection and motivation systems.

68. One of the most important components for business schools is the quality and efficiency of teaching. Effective teaching is directly proportional to the implementation of interactive training formats as part of the educational process. In Ukraine traditional teaching delivered in the form of a lecture is still extremely dominant.

69. Due to the predominance of lecture and the traditional attitude of faculty, partnerships between students and instructors are rare. The lack of teaching-learning partnerships is a particular problem for adult students, who could serve as valuable resources if the attitudes of the teachers were different.

70. Instructors’ insufficient awareness of real business needs has an adverse impact on the quality of business courses delivered and hampers the ability of students to fully understand the benefits of business education.

71. Two other pressing problems are the deficiencies inherited from the previous model of education. Business schools little ability to respond quickly and efficiently to the needs of the business environment, and offer courses that have no practical value.

72. Because of the nature of Ukrainian business education customers find it hard to make unbiased assessments of educational quality. There is a deficiency of objective quality indicators, such as, success of the graduates in the labor market.

73. The ability of instructors to generate new knowledge is an important signal both for potential customers and business. Generating new business and management knowledge is achieved through research and consulting activities, as well as efficiently cooperating with businesses. For potential students and sponsors to see the value of management education, efforts must be made in the area of research and practical cooperation with businesses. Business leaders must become aware of how business education and training can contribute to business success and profits.

74. Enhancement of the quality of research activity of instructors, a critical factor for sustaining high-quality management education, does not receive appropriate resources either from the state or private entrepreneurs. Therefore, the only incentive for the instructors to conduct any research is the need to obtain an advanced degree in management or economics.
75. Publications of Ukrainian faculty are almost absent from international economic and business periodicals. Additionally, the number of respectable academic and professional periodicals in Ukraine is insufficient.

76. The publication of training manuals is in a somewhat better state since the number of manuals prepared by Ukrainian authors on business and management issues has significantly increased over the last few years. Nevertheless, the increase in training manuals does not solve the problem of quality and lack of practical examples from actual businesses in Ukraine. Another urgent need is the publication of instructor guides, study manuals, case studies and related guidelines, instructions, and examinations.

77. There is no system for encouragement, adaptation, and dissemination of best practices in the area of methodology of management education. Educational institutions would obviously benefit from an exchange of knowledge and experience among themselves.

78. The majority of educational institutions do not have a clearly formulated or well articulated policy statement on faculty development, evaluation, and motivation. These policies should describe actions to be taken by school management to insure professional staff development and improvement of knowledge and skills of newly graduated experts in their areas of specialization. They should also identify the terms and nature of professional development procedures and motivation systems to provide for continuing professional growth, research activity, and business relationships.

Faculty Development

79. Teaching faculty are the primary and the most valuable asset of an educational institution, on which the success of any educational activity depends. For that reason, faculty development should be a top priority of each business school.

80. The major challenge for Ukrainian educational institutions is to develop a new system of faculty development that will include the following elements:
   • Selection of the best candidates as instructors;
   • Establishing a continuing program to upgrade knowledge and provide new skills according to development of new information, technology, and business needs;
   • Introducing a transparent and stable monitoring and evaluation system for faculty performance;
   • Linking academic performance and professional development with motivation schemes; and
   • Creating a mechanism of compensation that attracts, rewards, and retains competent and professional faculty.

81. It is a difficult task for business school administrators to introduce such a system due to either absence of related traditions or presence of prejudices from the previous system in Ukrainian business education.
82. The quality and number of instructors must be consistent with the school’s mission as determined by program and its specific objectives and tasks. Apart from the qualitative approach to the selection of instructors based on school objectives, the rules that determine and provide an optimal workload are significant. Likewise, mechanisms and procedures that help direct instructors’ efforts to the support of important areas of school activity and implementation of the school’s mission are significant factors for change. Introducing the notion of a tripartite mission of teaching, research, and service would help achieve the kind of activity required of healthy and responsive educational institutions.

83. An effective faculty training system is necessary for the success of business schools. The system, as evidenced by the best business-school practice available, must be based on the unbiased assessment of instructors’ activities:

- Quality and amount of training activity delivered;
- Research activity;
- Consulting activity;
- Teaching materials developed (e.g., training courses, case studies); and
- Administrative functions performed.

84. Efficient instructor performance measurements and contribution to the implementation of the mission are closely related.

85. Unfortunately, management of public and private institutions pays little attention to effective motivational mechanisms. Participants in roundtable discussions indicate that in most cases strategic decisions are made without business school and university representatives involved, which significantly slows implementation and raises a question about what constitutes appropriate academic governance.

**Curriculum Revisions and Upgrading**

86. Ukrainian educational institutions lack autonomy in curriculum and program design creating a significant barrier to meeting the needs of students and business. This situation, inherited from the old system, puts Ukrainian business schools in an inferior position compared to western schools and prevents them, to a large extent, from capitalizing on new knowledge in management education.

87. Lack of autonomy in revising and upgrading curricula experienced by Ukrainian education prevents them from utilizing western business-education curricular standards for undergraduate and graduate programs (Appendix 5.10) and hinders their response to the challenges of globalization. As a result, Ukrainian graduates have difficulties meeting the needs of international companies operating in Ukraine and abroad.

88. This lack of autonomy in revising and upgrading curricula is also an impediment to using modern information technology which can provide students with opportunities to conduct independent studies in computer classes, libraries, at home, and in the workplace. The curriculum and the organization of the pedagogical processes should provide flexibility to
adjust to technological changes. It remains difficult to change the time allocation of the teaching process due to the strict regulations currently in place.

89. One option is to revise traditional examination procedures, replacing them with computer-aided tests, and evaluate students’ knowledge and skills after each significant unit of instruction, not just at the end of the course. Moreover, in addition to evaluating knowledge and understanding, faculty should conduct performance evaluations. These would be easier to conduct if the faculty could use simulations, role playing, and other interactive teaching techniques. Some Ukrainian educational institutions have already gained significant experience in introducing computer-aided testing in the training process. The majority of educational institutions give preference to in-house software designed by instructors and students. Such testing is not a replacement for other types of testing but an addition to them to get at different kinds of knowledge.

90. Another important condition for improving curricula is maintaining close relationships with business. Academic-business partnerships enrich education and training programs designed by business schools. They enable instructors to keep abreast current business problems and to offer students practical skills on how to deal with particular problems.

Course Development

91. Participants in roundtable meetings and conferences agreed that the best way to overcome deficiencies in course design is to include the following six components:
   • Teaching critical and analytical thinking skills;
   • Using interactive teaching methods;
   • Simulating the business environment;
   • Concentrating on developing talents rather than elimination of deficiencies;
   • Motivating students to act by developing interactive assignments; and
   • Setting up and modeling favorable organizational environments.

92. The latest technology has influenced data sources required for course preparation. Traditional sources such as specialized literature, periodicals, and seminars must be supplemented with new on-line data sources (Appendix 5.8).

93. Management courses do not provide sufficient simulation of real business conditions. They do not evenly distribute course requirements during the course period and concentrate too on final exams. This arrangement does not mobilize students to work systematically during the whole course and creates incentives for “last minute” student efforts. Moreover, it tests only knowledge and understanding objectives but not performance or process objectives. Thus, it is an impediment to obtaining solid and applicable knowledge and skills.
Improvement of Teaching Methods

94. There is a growing consensus among Ukrainian academics that interactive methods of teaching should be widely applied in management curricula. According to top experts, various interactive methods must be combined since they affect the development of managerial skills differently (Appendix 5.8).

95. In order to meet this challenge, advanced professional development activities, such as training in modern teaching techniques and methods (including the training based on the case-study method), teamwork, and cooperation with different types of audiences (students, business representatives, etc.) should be developed as an effective way to improve professional skills especially for new teachers. Activities of this kind can significantly improve the quality of education and training if the traditional model of instruction is replaced by a model of the instructor as a guide, co-learner, facilitator, and resource person.

Research Activity Support

96. Formal requirements for research and other academic activity of instructors are typical of Ukrainian and foreign educational institutions. The efficiency of research activity significantly improves when there was a motivation system introduced by the educational institution. Such a system usually includes the following elements:

- Financial support for individual or team research;
- Subsidizing participation in international conferences;
- Encouragement (including a financial one) for publishing in national and foreign scholarly periodicals, and other academic journals; and
- Facilitating participation in research projects requested by businesses.

97. An important condition of research activity is the availability of comprehensive up-to-date information published in international periodicals and access to electronic information.

98. Ukrainian business schools and universities conduct few international research projects that would help them enhance business and economic education. Broadening international contacts between Ukrainian academic institutions and western partners is one way of overcoming insufficient resources for basic and applied research.

Classroom Resource Enhancement

99. Changes in the approach to the education process are initiated by the most recent information technology and new data sources. The latest technology does not merely provide instructors and students with new resources, but also changes the means of communication between them. The new approach is characterized by the use of interactive methods, that insure a two-way information flow, such as instructor $$\leftrightarrow$$ student, and student $$\leftrightarrow$$ student regardless of the form of education.
100. Up-to-date technologies based on information system development should not be perceived as a complete substitute for traditional methods of business education. They are instead a useful complement to existing methods of teaching that will help Ukrainian students acquire information and skills they cannot otherwise find, thus bringing their education closer to western norms in a shorter period of time. Personal relations and discussion of business situations retain their value. Introduction of new technologies must aim at enhancement of education and, hence, at increasing competitiveness between educational institutions. Only under such conditions is new technology justifiable. The mere accumulation of high-tech means is not likely to achieve the desired outcome.

101. The latest technologies have also influenced teaching approaches. One of the most efficient teaching methods is using case studies and computer simulations (training-purpose business games based on special software). Whereas the case-study method aims at training based on analysis of real business situations, computer-aided simulations represent dynamic cases with situations modeled by the instructor on an ad-hoc basis.

102. Due to new technology, students can access information sources worldwide and participate in global society. This is particularly important for Ukraine's participation in:
  - Sharing a wide variety of up-to-date data resources;
  - Communicating and building virtual forums and learning environments; and
  - Partnering in distance education.

103. Despite progress in incorporating information technologies, there is still a need to equip students with textbooks and other printed materials. It is extremely important to prepare the training materials/handouts in a format that is easy to understand with:
  - A limited but well-selected amount of text;
  - Diagrams instead of long narrative blocks;
  - Graphs and charts; and
  - Ability to make notes in the handouts.

Expanding Access to Libraries and Information Technologies

104. Libraries remain the most important source of information. Electronic libraries and catalogues must be available in every educational institution. The library must satisfy its role as information and resource center. It must provide easy access to a broad spectrum of informational resources.

105. According to Ukrainian faculty who participated in the roundtables, the problems associated with introducing the latest technology are both objective and subjective:
  - The standard list of courses set out by the curriculum developed by the Management Committee on Science and Methodology does not allow timely implementation of the latest information technology (IT). The list is overloaded with obsolete courses.
Schools encounter significant financial problems that limit IT implementation.

Due to the current state of telecommunications in Ukraine, there are serious difficulties in many regions in accessing the internet and using other telecommunication services.

When instructors have no time to learn new technology because of rapid changes, it is common for students to be more familiar with IT and data sources than instructors.

Public education institutions have no incentive to introduce the latest IT. Most IT innovations applied at public educational institutions are made by enthusiastic and entrepreneurial instructors without financial support from management.

Schools lack training games and textbooks, both in hard and soft copy. Demo versions of training programs are also needed.

Instructors lack qualifications in several areas, e.g., marketing, information technology, business law. There is a need for seminars on integrating the numerous core subjects, reflecting their interrelations and interdependence combined.

Despite existing problems modern technology should be made a priority in the development of the Ukrainian business schools. Not employing the latest IT–based training components will contribute to the widening gap between Ukrainian education and the rest of the world.

According to roundtable participants, the attitude of instructors to new technology is often determined by their attitude toward computerization. The instructor who makes no use of computers fails to employ modern software to prepare materials, and does not use the internet or other electronic data sources. In addition, such instructors do not use up-to-date multimedia technology in class. Consequently, instructors must have an opportunity to attend courses on information technologies and their use in the classroom.

Due to new technology, many types of learning (lectures, case studies, computer simulations, seminars in computer labs, etc.) can be delivered both in the classroom and through distance learning. This form of training is more convenient for students since due to its flexibility they can study and work at the same time and choose any university regardless of its location. By having web access to course materials, the students are in control of the learning. However, regardless of the advantages offered by the distance learning, most instructors believe that periods of face-to-face interaction with learner is of critical importance with regard to quality and efficiency of learning.

### 2.3. Examples of Best Practices

In addressing the above-mentioned challenges, participants of the roundtable and national conferences shared the opinion that one of the best practices is Professional Development Centers and/or Professional Development Programs established at the advanced educational institutions in the West. These centers serve as a source of data on professional
development opportunities, on recent training techniques and methods, and the best training practices as well as provide access to the most effective instructor guides.

110. Due to different forms and sources of technical assistance to Ukraine, there has been an increased opportunity to have access to training methods, and instructor guides designed by leading western and Ukrainian educational institutions. These important tools for enhancing business education in Ukraine should be disseminated more widely to benefit from international training experience. Participants suggested establishing instructor/trainer guide banks/centers (case studies, guidelines, lecture notes, etc.) in Ukraine. These centers would accomplish two key tasks:

- provide advanced training for faculty in designing high-quality educational materials and
- disseminate the best practices and experience among educational institutions.

111. International faculty exchange is widely practiced in the West and in advanced transition countries and should be applied in Ukraine more extensively. By opening to the West, Ukrainian business schools would strengthen their efforts to attract instructors from leading overseas education institutions as well as encourage their own faculty to work at foreign business education institutions on a temporary basis.

112. The experience of leading business education institutions in Ukraine shows that a combination of academic programs (higher education and specific post-graduate programs) and business-oriented training programs (professional training, company-tailored programs, specific programs designed for practicing experts) provides synergy between the two and serves as an efficient professional development tool for faculty.

113. The Polish CEUME partners’ experience with management curricula reform indicates that creatively adjusting western academic standards and curriculum to local conditions can attract attention of well-respected international companies, provide continuing education for executives, secure high-ranking positions among competing schools in the country, and help achieve financial sustainability. One of the best practices developed during the reform of Polish economics and management education was team teaching by foreign and local faculty members. Many such teams survived the relatively short period of support from foreign assistance and are continuing joint activities in research and teaching, sometimes even at third institutions or in different countries. The experience of the Polish CEUME partners and other central European academic institutions proved that administrators and faculty should take the lead in developing mutually beneficial research agendas and publications with potential western partners.

114. In the area of course design, the western experience indicates that a student spends three to four hours of preparation at home, in the library, or online for each one hour of activity in class. In addition, student efforts are rather evenly distributed during the course period with more weight associated with interim exams, quizzes, individual and team projects, par-
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ticipation in class discussion and final exams. These facts should be taken into account during course and curriculum design.

115. Some Ukrainian business schools indicated that they frequently use on-line financial and business information provided by well-known information agencies that employ their own global networks to deliver data to customers. For example, some information and news agencies provide quotations, indices and market indicator values, news, and analytical information. Quotation data is submitted by the largest players in related markets: large banks (foreign exchange markets) and stock exchange and equity markets.

2.4. Suggested Actions Faculty Development

116. In order to improve faculty, the most important resource for business schools, Ukrainian educational institutions must introduce an effective system of faculty development that includes:

- Selecting the best candidates as instructors;
- Establishing a permanent program to upgrade knowledge and provide new skills according to development of new knowledge, technologies, and business needs;
- Introducing transparent and stable monitoring and evaluation systems of faculty performance; and
- Linking academic performance and professional development with motivation schemes

117. Some CEUME activities conducted in the past, such as Summer Institutes or Weekend Workshops, should serve as examples of important venues for improving the professional skills of instructors.

118. Technical assistance projects aimed at educational institutions can serve as another important tool of professional skill development. As shown by leading Ukrainian business schools, the implementation of educational projects with the participation of international organizations results in the establishment of a highly qualified team of professionals that possess the most advanced knowledge of the subject.

Improving Curriculum, Course Design, and Teaching Methods

119. Clear standards for Bachelor’s degree and MBA programs need to be established and such standards must conform to and be based on internationally accepted standards for business education. Incorporating such standards into Ukrainian business programs will not only provide Ukrainian business-school graduates with more marketable skills, but will also facilitate cooperation and exchange of faculty and students between Ukrainian and international educational institutions. The establishment of the standards should be a interactive process involving business, educators, executives and entrepreneurs.
120. Participants of the roundtables and national conferences agreed that effective curriculum and course design should include the following six principles:

1) **Encouraging critical thinking**

Critical thinking is vital for successful managers and should be encouraged. Management courses must deal with competing or conflicting theories, case studies, and assignments that do not provide clear-cut and unambiguous answers. Instructors must leave students with a space for their own thoughts and motivate and encourage original thinking.

2) **Introduction of interactive methods of teaching**

In order to meet challenges of the twenty-first century, interactive methods of teaching should be widely applied in management curricula. They must be combined to secure synergy and efficiency. Methods should respond to different types of audiences (day and extension students, business representatives, etc.) and be treated as an effective way to upgrade professional skills of faculty.

3) **Introducing simulation of real business environment**

Management courses must provide simulation of real business conditions. Participants in roundtable discussions agreed that the best courses are intensive ones requiring maximum concentration and significant effort by students during the whole period of education. Courses should be structured in such a way that students’ efforts are spread out evenly during the course period. Complex interim tests, individual and team projects, and participation in case study discussions should be taken into account in the grading process. To evenly spread the intensity of the course, the instructor must engage in multi-part evaluation with only 40 to 50 percent allocated to the final test, and the remaining 50 to 60 percent relegated to the evaluation of individual or group assignments, interim tests, and active participation in the class discussions.

4) **Focusing on talent development rather than on elimination of deficiencies**

It is important to create the maximum opportunity for students to evaluate themselves and analyze their strong and weak points with the help of the instructor:

- An evaluation of the student’s managerial skills and capabilities should be undertaken in the beginning, middle, and end of the course.
- In addition, students should be advised to make up their own plans of their talent enhancement and mitigation of weak points.
- Students should be provided with feedback regarding their success or failures on an on-going basis.
- Interim evaluations are necessary for the students to take corrective action and improve during the course.
5) Motivating students for success

An important (if not the most important) prerequisite of managerial success is a strong unbreakable desire to achieve success. Business education institutions can assist in motivating students and sparking their desire to achieve success by implementing the following steps:

- Successful business people, managers, executives, and consultants should be invited more often to participate in the training process as resource people or co-instructors. They can share practical experience and real knowledge of the business and serve as an example of strong motivation and success.
- The workload of training personnel must be approached carefully since they are expected to educate, train skills and transfer energy and encourage students. It is impossible to expect an instructor who has a teaching load of 1,000 hours a year to serve as a mentor or resource person. It should provide opportunity for creativity and allow flexibility so that instructors can respond to the rapidly changing environment.

6) Introducing a favorable organizational environment

The successful curriculum and course re-design process is not feasible without a favorable internal and external organizational environment. It includes specific actions:

- A well-prepared teaching course plan/syllabus with overall and individual objectives clearly identified and evaluation components comprehensively described will add to the efficiency of the course. Each student must receive a copy of the document that serves as an unofficial contract between the instructor and the student.
- Effective training processes are not feasible without an appropriate applicant selection procedure and reasonably comfortable and equipped classes, libraries, and computer rooms.
- Effective activity of the instructor is not possible without a corresponding high moral and positive psychological climate available within the organization and a performance-based motivation policy in place.
- Students must have an opportunity to select a set of courses delivered during the training period on their own and to be able to choose instructors whose lectures they prefer to attend. Introducing a list of required and elective courses and concentrations from which the students can choose will insure competitiveness between instructors, add quality to the educational programs, and make students and instructors better oriented to the needs of the employers.
- Finally, in order to meet the challenges of globalization, there is an urgent need in Ukraine to radically reform or abolish the current systems of establishing official standards and dictating curriculum. They must be replaced with participatory processes, involving professors and business leaders, that creates standards. The adoption of international business education standards compatible with international accreditation organizations requires flexibility. It will pave the way for recognition of Ukrainian diplomas abroad and open doors to international corporations for graduates.
Classroom Resource Enhancement and Application of New Technology

121. Considering the insufficient development of communication infrastructure and the absence of internet access in many regions of Ukraine, emphasis should initially be placed on multimedia distance education programs. For example, in the event there is no internet access, all materials can be sent to the student on a CD, video, or audiotape as well as in hard copy. The course should provide opportunities for face-to-face instruction or tutoring. Support clusters should be encouraged that provide student teams the opportunity to motivate and learn from each other.

122. Teams working on internet-based project design must consist of specialists with different skills: market researcher (identifies the target audience, forecasts demand), professor (information-related side of the course), course designer (structures the materials), website designer, and software specialist. Concepts of teamwork and cooperation with interdisciplinary teams should be introduced into the classroom to clearly simulate the business environment and reflect that it takes professionals from a variety of disciplines to be successful in completing projects.

123. Leaders of business schools have to pay more attention to, encourage, and reward activities contributing to modernization of teaching methods, including:

- stimulating introduction of the latest information technologies and innovation methods by instructors;
- participating in joint projects that contribute to the development of new curricula and course design for all participating educational institutions;
- searching for partner institutions that could provide modern training and access to various data sources (e.g., information and resource centers of foreign embassies) as well as to assist in fundraising for projects;
- enhancing library capacity as an important information and resource centers; and
- bringing in representatives of companies that offer up-to-date IT solutions in the Ukrainian market and successfully implement the latest information technologies.

124. Joint IT projects are often effective and efficient because they contribute to the development of all participating institutions. Shared computer-aided simulations must be encouraged and increased.

125. Multimedia approaches should be encouraged due to their impact on the quality of teaching materials. The combination of text, graphics, and sound and video clips makes the course attractive and understandable for the student. Multimedia course materials can be placed both in the local network of the educational institution (the intranet) and on CDs. Macromedia is widely employed for the purposes of multimedia course design. Senior students can help develop courses in online formats.
3. EFFECTIVE MANAGEMENT OF EDUCATIONAL INSTITUTIONS

3.1. Overview of Academic Management Conditions

126. Effective management of business schools is an important prerequisite for satisfying stakeholder needs and developing and delivering quality education programs. Unless management reforms, stakeholder needs, and quality education are seen as part of a single package and developed in tandem, results will be disappointing. Because these educational institutions teach students about management, they themselves must conform to the highest standards of effective management.

127. There are many challenges facing business education in Ukraine that have a profound influence on the effectiveness of business school management. Some of them have external constraints (e.g., laws, regulations, and economic conditions in the country), and some reflect the internal constraints of academic institutions. In general, the influence of external conditions is overestimated by the faculty and academic leaders, while the influence of internal conditions is seriously underestimated. One of the challenges is to find a balance between these two groups of factors influencing effective business school management.

128. The external conditions affecting business schools are related not only to the state of the economy but also to the current state of politics and the country’s traditions. Ukraine adheres to the typical academic tradition of managing educational institution by a cadre of well-recognized academicians rather than by effective and professional academic managers. This creates one of the most difficult challenges for Ukraine. Unfortunately, there is not a tradition of high appreciation for professionalism in managing or administering academic institutions.

129. The internal conditions influencing the effectiveness of business-school management are complex. They are related, first of all, to the dual mission of the business school—as an academic and as a business organization. This duality has many implications for the management of business schools that cause serious strategic problems. One is the difficulty of stating a clear mission for the school. An analysis of the current situation in Ukraine (Appendix 5.10) indicates that most business schools lack either a clear mission statement or strategic objectives. They also lack professionally prepared strategic plans elucidating a long-term vision accompanied by a SWOT analysis.
130. During CEUME roundtables and national conferences, educational professionals have indicated considerable interest in skills related to effective management of financial resources and fundraising for business schools. Other academic resources such as faculty and staff, capital assets and technologies, real estate and land endowments were not perceived to play a significant role. Management of education processes including students, research and development projects, and academic services including outreach were not pursued as issues. What was and was not considered important during these discussions demonstrates that professionalism in academic management is not a well-recognized need.

131. In terms of financing there are four categories of business schools:

**A. Public business schools with centralized funding systems**

The majority of business schools in Ukraine have the form of Economics or Management departments in institutions of higher education. These units are not independent legal entities and their financial policies are determined by the objectives and mission of the larger institution. Most income is generated by the business school through target funding of training delivered within the parameters authorized by the state. Tuition is a minor source of financing. Grants, sponsors, and charitable contributions are not sources of financing in schools of this type. Income generated from long-term investment funds is absent. Major expenses are salary and utility payments. This type of business school does not have room for financial decision making. The state retains stringent control over both the quality of education and curriculum.

**B. Public business schools with decentralized self-financing systems**

Public business schools with decentralized self-financing systems established during the last ten years are traditionally represented by advanced professional development and retraining institutions under the umbrella of the largest public educational institutions. Since the school is financially independent of its founder, it has enough opportunity for independent financial decision making and is regarded as an independent legal and financial entity with its own settlement account. The income structure of the school is comprised of student tuition and funding that comes from the Employment Fund against training or retraining services delivered. Grants, sponsors, and charitable contributions are almost unavailable. Major expenses are capital improvements and salary payments. By having an opportunity to make independent financial decisions, these schools can regulate their income based on the number of students they admit and the amount of tuition they charge, subject to supply and demand.
C. Private business schools established by former or current managers of public education institutions

The type of business schools have been appearing over the last ten years and are represented by numerous private higher education institutions with a vast branch network. Development of market infrastructure components and advanced market relations is accompanied by the outflow of qualified professionals from public educational institutions into private ones. Along with private business and service companies established by former state employees, private business schools were set up by former state education officers. These institutions possess several features typical of traditional public institutions. The financial strategy aims at the increase of the shareholders’ value by means of combined financial instruments. For example, despite the fact that tuition is based on market rates, remuneration terms are identical to state schools with hourly wages paid to staff.

The income structure is dominated by tuition. The school receives extra income from additional services. This category of business school takes the initiative to participate in international cooperation programs and is actively involved in fundraising. Long-term investment funds are absent. Major expenses are salaries and overhead. Most funding increases fixed assets and supports the educational process. There is little misuse of funds because there is an awareness of the reverse relationship between poor management and the quality of education.

D. Public business schools established by single owners or international institutions

Business schools established by single owners or international institutions are quite limited in Ukraine. As a rule, these are the business schools and universities established with the assistance of international institutions or large international grants. Some business schools are known to change their strategy and financial management system as a result of international funding.

These schools have the best financial opportunities. The principal source of income is tuition and international grants and fees for services (training, consulting). Establishment of alumni societies and the development of sponsorship are typical of these schools. The major expenses are salary payments, capital improvements, and training support. These schools often reduce overhead expenses by establishing profit centers. They frequently have oversight committees in place that are partially made up of foreign residents.

132. These four categories of Ukrainian business schools are facing similar external challenges but they need to elaborate their own strategies based on their particular organizational structures and funding sources.

133. In order to successfully meet all challenges, academic leaders must focus first on internal challenges—“put their own houses in order”—and then tackle external challenges.
3.2. Challenges

134. Efficiently managing all academic resources is the primary challenge facing business schools in Ukraine. This problem, however, can only be addressed if the institution has clear goals and strategic objectives. The absence of a clear understanding of business school mission is a major cause of problems and contradictions in the management of the institution. The uncertainty stems from the dual role of business schools as academic institution and business organizations, and its two basic objectives, providing high-quality education and generating profits. This misunderstanding of the duality of the mission often leads to a conflict between the interests of owners and students and businesses.

135. The majority of business education leaders consider these two objectives (quality education and profit-making) to be diametrically opposed. They should, however, be viewed as complementary since the delivery of high-quality business education (from the customer’s point of view) secures the success and financial viability of the enterprise in the long run.

136. The main internal challenge often neglected by administrators is the effective management of the institution’s most valuable asset—its human resources, particularly faculty and staff. Ukrainian business schools must design a solid foundation for recruiting, evaluating, rewarding, and retaining faculty.

137. Ukrainian business schools have to implement policies governing the management of students from admission through coursework completion and internships to career counseling, job placement and joining alumni associations. Effective management in this area is a precondition for satisfying two major customers—students and businesses.

138. Despite the scarcity of capital assets and technologies, the infrastructure and facilities are not always maintained well and utilized efficiently.

139. There are many deficiencies associated with management of resources, particular with financial resource management of the business school. They include:

• Aiming at a short-term financial gain rather than at a synergy of effort to improve the quality of educational services and achieve a better result in the long run;
• Inconsistency between the organizational structure of the business school and the objectives and needs of effective financial management;
• Failure of school financial managers to exercise professional financial management in compliance with the law;
• Discouragement of financial management of the business school due to legal and tax implications;
• Lack of consistent financing required to operate higher education institutions;
• Lack of financial budgeting and capital management tools;
• Inefficient management of fixed assets and slow accumulation and generation of new fixed assets; absence of long-term investment funds;
In addition to the internal challenges, there are many external challenges facing business school, and other structural problems affecting their management.

In addition to these internal challenges, there are many external challenges facing business school, particularly those related to financing and fundraising. The table below lists major external challenges.

**Table 1. External Challenges for Business School**

<table>
<thead>
<tr>
<th>Reason and Description</th>
<th>Consequences</th>
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| 1. Market immaturity: weak development of the national educational service market | • limited nature of effective demand  
• declining prices of business education  
• low quality of financial management resulting from insufficient development of commercial education  
• ineffective information dissemination regarding business education services  
• limited capacities of local businesses to be donors, sponsors, and patrons of education  
• poor customer and sponsor selection  
• perception of the state as the primary business education sponsor |
| 2. Excessive state regulation: hostile legal and tax environment for business schools | • existence of an excessive number of regulations in business education that limit the flexibility of financial policy  
• public business schools are deprived of the ability to introduce their own pricing and accounting policy  
• most schools cannot take advantage of tax-exempt status to accept external grants |
| 3. Poor understanding of non-profit concept | • limited opportunity for a fair use of funds for promotion needs  
• poor understanding of business school funding by the society and the state |
| 4. Inefficient financial management | • Imbalance between revenue and expenses requires special actions to manage the deficit  
• Need to consider inflation, exchange rates, taxes, and other risks |
| 5. Vague concepts of financial strategic development in a complex economic environment | • uncertainty and vagueness of educational market development perspectives and the economy as a whole |
141. In addition to the external challenges listed above, there are several other structural problems affecting management of business schools:

- The absence of a well-established business education and management culture has resulted in transferring some of the old educational stereotypes into the contemporary market.
- Insufficient number of professional business management faculty with practical and consulting experience.
- Poorly defined and uncertain customer needs leads to offering inadequate educational products by some business schools.
- Weak network between business schools operating in different regions of Ukraine.
- Lack of information on business education in the mass media
- Very limited investments in education
- Monopoly of MOES on evaluation of curricula and accreditation
- Absence of modern national management education standards
- Weak tradition of a good academic governance reconciling democratic principles with effectiveness of corporate management.

142. Many of these challenges and problems cannot be resolved on the level of the individual business school, but each institution must take the lead as a catalyst for change and collaborate with other educational leaders during the common effort to enhance Ukrainian education management.

### 3.3. Best Practices

143. American and Polish CEUME partners and cooperating institutions provide good examples of clear mission statements and strategic institutional planning. In addition, several Ukrainian CEUME partners are offering good examples of academic mission statements and strategic planning.

144. Several Ukrainian CEUME partners represent excellent models for human resource and other asset management. They participate actively in many forms of faculty professional development supported mostly by foreign donors. As the result, they significantly increased the value of their human capital during last few years.

145. Based on the contemporary experience of Ukrainian business schools, roundtable participants envisioned five major strategies—with their advantages and disadvantages—implemented in the country.

#### A. Strategy based on financing from western donors

This strategy prevails in small business schools oriented toward elite business education. Financing from western donors provides an opportunity for growth determined only by the demand for certain business services. External financing is particularly important at the initial development stage of a business school. This strategy allows introducing good curricula, implementing modern methods, and hiring best faculty members as a foundation for high-quality education. It also contributes to the creation of an ethical atmosphere in which students and professors can build an academic community that adheres to the mission and goals of
the organization, contrary to the more common situation in which the students expect to study and get diplomas just because they paid tuition. This strategy allows schools to escape the undesirable stereotype of “diploma mills.” Disadvantages of this strategy include little effort to search for domestic financing. In addition, there is a possible gap between market requirements and classes taught. The position of such business schools is uncertain if western funding dries up and similar sources cannot be developed in the country. Whether this stagnation occurs depends on economic progress, establishing stable economic relations with other countries, and adopting sustainable economic policies. A macro-level disadvantage of this strategy is the potential to deflate tuition below fair market value.

B. Strategy oriented to internal market needs

A definite advantage of an orientation on market needs is that it requires a detailed analysis of market needs, and, consequently, an adequate relationship between expenses and the potential to attract funds. These organizations channel activities to actual present requirements. The current development of the educational market in Ukraine allows these institutions to operate without stringent quality controls. Hard economic conditions, which influence the demand for business education, cause limited resource accumulation and low wages to the faculty, which influences the quality of education. Considering the sad situation of the “diploma mill” described above, most of these organizations evaluate “the mill” as an internal market need. The current orientation toward short-term goals and objectives prevalent in these organizations is normal for unstable transition economies.

C. Strategy of “doing everything”

Although not an example of a best practice, this strategy exists in Ukraine even if it is an extreme case. It is associated with educational institutions of the second or third category of business schools. Its major feature could be defined as “hyper satisfaction” of market needs. A number of business schools that comply with this strategy try to fill the market in various fields of education (not necessarily business) which are in demand. The principals of these business schools tolerate reorienting to different areas of specialization in the changing environment; however, the consequence of such specialization is poor quality education. Often these organizations simultaneously produce a manager, a secretary, or an operator of heating systems. The profitability of this strategy decreases as the development of the education market and economy improves.
D. Strategy based on investments, tangible assets, and long-term enhancement

This type of strategy relates to business schools formed by private individuals and those formed with the help of foreign sponsors. Those institutions that are using leased education facilities are forced to follow this strategy. A positive aspect of this strategy is the opportunity to accumulate capital assets necessary to secure future quality of business education according to the mission and vision of the leadership and faculty. The disadvantage of this strategy is insufficient attention to satisfying current students and faculty needs, including adequate faculty salaries, and creation of scientific, methodical, and lab facilities.

E. Strategy based on financing only current needs

This strategy is also associated with third and fourth type of business schools. These business schools cover their current expenses, such as faculty salaries and hand-outs and textbooks for students. Traditionally, these institutions have inherited good facilities and high quality of faculty. However, if these organizations do not invest in maintaining currently owned high-quality fixed assets, they may not sustain their position in the future.

146. As a conclusion to the analysis of business schools’ strategies on the domestic market, it is necessary to affirm that successful strategic financial management depends on preventing the extremes of the above strategies. Strategies should be based on the goal of long-term, sustainable growth achieved through delivery of quality products that satisfy the needs of the stakeholders. Every case in Ukraine requires an individual approach.

147. There are growing examples from Ukrainian business schools developing additional sources of revenues, such as consulting services for business. Consulting activities not only provide additional resources for schools but also contribute significantly to the practical experience of faculty.

148. There are some other noteworthy best practices of some western and Ukrainian schools:

• Internal organizational and financial audit as a base for cost optimization and adjustment to market needs;
• Decentralization of financial and budgetary responsibilities to the major school units such as departments or institutes;
• Establishing budgeting for every individual project; and
• Optimizing financial strategies in accordance with market needs and tax policies.
4. RECOMMENDATIONS

4.1. Management of Business Schools

149. The business school administration is the most critical stakeholder for implementing this Blueprint, along with faculty, the Ministry of Education and Science (MOES), and other government agencies.

150. Effectively managing educational institutions begins with developing clear mission statements and strategies with long-term visions based on SWOT analyses and strategic objectives. The mission statement is the guiding principle for administrators, faculty, and students. It should reconcile the duality of the business school’s mission: high quality academic education combined with high efficiency as a business organization. The mission statement can be the most important document influencing the image of the school in the eyes of all stakeholders.

151. The academic part of the mission requires continuous efforts to meet quality measures based not only on Ukrainian standards but also on international business education standards. This is a prerequisite to build capacity for Ukraine to participate in the global economy and to secure the sustainability of its human and financial resources. Academic leaders should feel obligated to undertake joint efforts to bring existing Ukrainian standards up to the international levels.

152. The key to successfully delivering high quality education is, first and foremost, own faculty. Business school management should pay special attention to managing this most important asset by continuous investment in professional development and improvement in working conditions of faculty. A clear, transparent system should be introduced for hiring, firing, evaluating, promoting and reward faculty based on performance. A system for faculty and staff development should be created that includes:

- Clear, transparent selection criteria and procedures for hiring and firing;
- A continuing program of professional development;
- A support system for faculty research and outreach, particularly to the business community;
- Clear, transparent, and stable monitoring and evaluation criteria and procedures including student and peer evaluation, and self-evaluation schemes; and
- Motivation and promotion systems based on academic performance: quality of teaching (including the development of interactive educational methods and materials), research, and service (such as administration, governance, and outreach).
153. The other key element of business school management is the student body, the most important customer in a market economy. Management has to be aware that quality of programs depends to a large extent not only on faculty performance, curriculum, and working conditions but also on the quality and performance of recruited students. The admission offices should try to attract the best students. During their stay at the business school, students should experience a cooperative approach from administrators and faculty. Effective management of student-stakeholders should include the following structural elements:

- Establishing a student admission office with clear criteria and procedures;
- Maintaining partnerships between students and faculty;
- Career advising;
- Offering internships with businesses;
- Establishing motivational schemes to encourage high student performance;
- Introducing a job placement office; and
- Establishing active alumni associations for networking and other activities.

154. The educational administration needs to phase out the large information gap between business schools and the business community, which adversely affects the demand for educational services and threatens the financial sustainability of educational institutions. Academic leaders must change the prevailing negative image of Ukrainian business education by providing good examples of high-quality programs responding directly to current business needs. They have to offer a variety of mutually beneficial ties linking the business community with education including:

- Executive and customized training programs;
- Consulting and applied research;
- Guest lectures by and for businesspeople;
- Student internships;
- Participation in education advisory boards;
- Business sponsorship, grants, and endowments; and
- Commercial contracts.

155. To cooperate effectively with business stakeholders, administrators and faculty of the business school must develop a better understanding of customer needs and the links between education programs and concrete results of an enterprise. If businesses are shown the real benefits of business education, these benefits will provide the most compelling argument for investment in education. Academic leaders have to learn how to deliver the message to major stakeholders, particularly businesses, that education is an important investment in human capital that results not only in the professional growth of students but also in direct benefits to employers. In addition, academic managers should offer and encourage their faculty to take opportunities to engage in applied research and consulting services that could facilitate the challenging process of restructuring enterprises and industries.
156. Another vital stakeholder, and for some business schools the most important, is the national government, particularly MOES. Effective management of this relationship will require much effort and diplomacy as long as MOES acts as a “manager” rather than a policymaker for the educational system. Academic leaders from business schools and from other educational institutions and universities should work in concert to convince the government to take a completely new approach, one that adapts western models to Ukrainian conditions. The more progressive academic leaders have many strong arguments in favor of this change and can demonstrate the advantages of a radical change in the function of MOES. The change to a policy-making institution, giving business schools the ability to respond quickly to the needs of their primary stakeholders, would be seen as enlightened self-interest and would be supported by business faculty, businesses, students, and foreign companies operating in Ukraine. Under current conditions, there is no longer a need to micromanage education. Administrators should argue that this is the time to replace centrally determined curricula and accreditation standards with a peer-review model reflecting international standards and based on the experience of more economically advanced countries. Securing support from business and community leaders will strengthen such proposals for change.

157. Academic administrators must maintain effective relationships with local and regional government agencies as customers and supporters. Administrators of business schools should demonstrate to particular agencies or local governments that, through their graduates and faculty, they provide vital resources to businesses that enhance regional and local economies. They can also provide training to local and regional government agencies to improve their management practices, operational performance, and fiscal responsibility.

158. As with government agencies, the academic leaders should present the mission of their schools to society at large, and take a particularly active role in various NGO activities. Modern business education is a new concept in Ukraine, and management should promote it as a method for acquiring attractive managerial careers for new generations of students. Prospective students considering job changes or those who have been laid off and need retraining should also be made aware of the benefits. Helping both NGOs and underdeveloped small- and medium-size enterprises in Ukraine should be viewed by academic leaders as an important service for their society and a business opportunity to pursue. In addition, the society and its NGOs should be treated as an important political constituency for business schools in policy debates on resource allocation at national, regional, and local levels.

159. The administration of business schools should approach Ukrainian and foreign donors to develop partnership relationships. A cooperative approach linked with a good knowledge of the donor’s mission, is needed. Demonstrating effective project implementation and offering to leverage funding in the design and delivery of mutually agreed-on projects will help to raise additional funds. This approach is also recommended to potential foreign partners in designing and delivering joint management education programs. Academic leaders should invest their time and dele-
gate the best of their staff to attend professionally organized workshops on fundraising and public relations to succeed in attracting external funding.

160. Successfully maintaining relationships with all stakeholders in business management education requires an excellent governance system. A system that combines the traditions of democratic governance of the academic community characterized by consensus building contrasts with the top-down corporate management tradition of business. The tension between these traditions demands a unique leadership style that inspires and mobilizes stakeholders as partners in the enterprise, as opposed to dictating to them.

161. In order to comply with the business part of their mission statement, academic leaders should manage their schools as businesses. A few of the many elements are listed in the table below.

Table 2: Elements of the Business School as a Commercial Enterprise

<table>
<thead>
<tr>
<th>Type of services</th>
<th>Market Segment/Niche</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Financial Management Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate and degree programs</td>
<td>Middle-level and top management</td>
<td>Tuition</td>
<td>Operating expense (rent, maintenance, utilities, fixed and intangible assets)</td>
<td>Budgeting for every individual project</td>
</tr>
<tr>
<td>Executive and customized short training courses</td>
<td>Company/institution personnel</td>
<td>Owner contributions</td>
<td>Management, training, and support-staff remuneration</td>
<td>Business school budgeting</td>
</tr>
<tr>
<td>Conferences, workshops, and seminars</td>
<td>Individual customers</td>
<td>Income from consulting and other activities</td>
<td>Expenses associated with investment activity of the business school</td>
<td>Optimize cost of services, revise budget to comply with market needs</td>
</tr>
<tr>
<td>Retraining and advanced professional development</td>
<td></td>
<td>Grants and loans</td>
<td></td>
<td>Enterprise tax policy optimization</td>
</tr>
<tr>
<td>Consulting services</td>
<td></td>
<td>State contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate contracts</td>
<td></td>
<td>Information technology services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Donor assistance and sponsorship</td>
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</table>

162. Academic leaders should keep in mind that management problems require integrated solutions. The financial efficiency of business school activities is a prerequisite for its sound development, but this development can only take place if the institution’s objectives are clearly stated. Therefore, defining the institutional missions, goals, and objectives, and communicating them to stakeholders is an essential first step.
163. The long-term viability of the school must be managers’ paramount concern. They should avoid short-term strategies of profit maximization in favor of securing long-term financial and human resource sustainability.

164. Managers should invest first in understanding the importance of the local and regional education market by conducting market research, effective marketing campaigns, and promotions oriented to meet the needs of potential stakeholders. This should be a strategy focusing not only on specific programs but on strengthening the understanding and institutional cohesiveness of business education.

165. The joint efforts of several business schools operating in the same or contingent markets in active cooperation with the mass media should result in more effective and efficient promotional efforts. These activities should help to close the existing information gap with businesses and the society at large regarding the importance of business education, its products, services, quality, and requirements. Educational administrators should seriously consider a proposal from the Second National CEUME Conference to establish a cooperative network among business schools, businesses, and other interested stakeholders focusing on disseminating information and fostering understanding about the benefits of management education.

166. Academic leaders should also lead joint efforts of various stakeholders to mobilize more domestic and foreign resources for business education in Ukraine. Foreign investment in management education will improve the visibility of this sector domestically and abroad while increasing its financial effectiveness.

167. Several of the previously-mentioned recommendations call for joint efforts by academic leaders to deal more effectively and efficiently with the many challenges facing the business-education sector. One such proposal calls for establishing an association of business schools (as proposed at the Second National CEUME Conference, Management Development Association, see Appendix 5.12) to exchange information, improve the visibility of the education sector, cooperate more effectively with the government, save funds through synergy of action, and create a peer-based evaluation committee of programs.

4.2. Faculty

168. Faculty must understand that teaching in a competitive education environment in a transition economy facing growing globalization requires continuing education to acquire new knowledge and learn new skills. They should actively participate in professional development programs offered by their own institutions or others, including foreign agencies. Continuing professional education is an important investment in their professional development and for that reason they should willingly contribute some of their own resources, especially their time and enthusiasm, in acquiring new knowledge and skills.
169. Faculty have the primary responsibility for introducing interactive methods of teaching and establishing partnerships with students. They are responsible for encouraging students to practice critical and original thinking and mobilize their energy. Faculty must set aside old methods and focus their pedagogical efforts on development of students’ talents and skills rather than merely eliminating deficiencies in knowledge. In addition, they should also be obligated to introduce students to a real business environment by working on cases, simulations, and inviting business people to their classes as guest speakers. Participating in consulting activities and other business-related projects should help academic teachers to cope with this assignment.

170. Without ongoing academic research there is little quality teaching at the graduate level. Faculty must undertake serious research to contribute to the development of new knowledge and to better understand the transition process in Ukraine. They should also be encouraged to initiate international research activities that will result in publications. In addition, faculty should undertake methodological research that will improve teaching methods and develop new training materials, e.g., textbooks, case studies, videotapes, and games.

171. Due to constant changes in the transition economy, growing globalization, and modern technologies, there is an ongoing need for continually analyzing and updating business school curricula. The first responsibility of the faculty member should be to signal the need for curriculum change and adjust curricula to new or changing situations. Faculty should capitalize on relative autonomy, and take the initiative to design new courses that will better respond to the needs of students and will better reflect the development of the discipline.

172. Through the design of their courses, faculty are responsible for more even distribution of student assignments, more objective and multi-factor evaluation of student performance, and the encouragement of teamwork and active participation in class discussion. Faculty should advise students regarding their future careers and the relationship between that career and the course offerings. They should help students to evaluate themselves and analyze their strong and weak points in regard to their preferred career paths. In addition, students should be made aware of the need for continuing education to develop new knowledge and skills and keep current with the changes in technological and business environments.

173. Faculty should routinely prepare a syllabus for each course offered with clearly defined overall and specific objectives, obligatory and recommended readings, prerequisites and grading policies, and individual and team assignments. Each student must receive a copy of the syllabus, which serves as an unofficial contract between the instructor and the student.

174. Academic instructors should take advantage of opportunities offered by modern technology, including distance learning and internet technologies, and help their students connect to the major sources of information and data related to their courses. Faculty must explore the new
opportunities offered by new technology, particularly IT. They should also initiate joint IT projects with other domestic or foreign institutions to reduce costs while securing higher efficiency and effectiveness. Faculty should be encouraged to use a multimedia approach because of its impact on students and its improvement of the quality of training materials. The combination of text, graphics, and sound and video clips makes courses attractive, interesting, and effective for students. Multimedia training materials can be placed both in the local network of the educational institution and on CD-ROMs.

4.3. National and Regional/Local Governments

175. The national government can significantly contribute to the development of management education. Rather than simply providing financial resources, the government can design appropriate policies and institutions that attract and mobilize private domestic and foreign funds for business schools all types—public and private. They can give schools more freedom in academic programming, managing human resources, managing capital assets, and practicing effective financial management. Policies such as granting tax credits for educational investment and tax exemptions for charitable donations to management education can attract resources to this important sector. The government should also consider issuing loan guarantees for management education delivered through commercial banks and a special educational loan system for students.

176. Granting freedom to business schools will require that the government changes MOES’ primary role from “managing” education to making policy. This necessary step will release a great deal of creativity among business school leaders and conserve resources by significantly reducing the size of the Ministry. It will also help the Ministry to be more effective and efficient in preparing and enforcing policies that focus on strategic initiatives for the country. In these ways, the government can transform the structure of MOES formed by the old system to one that better fits twenty-first century conditions.

177. MOES should work with leading educators and business people in adapting and creating internationally accepted standards for Bachelors and MBA degree programs for management education suited to Ukrainian conditions. Such standards are critical for the development of effective curriculum and provide an excellent tool for programs' self-assessment. Such action will not only provide Ukrainian business-school graduates with more marketable skills, but will also facilitate cooperation and exchange of faculty and students between Ukrainian and international education institutions, thereby improving the ability of schools to attract private funds for management education in Ukraine. In an economy with a limited capacity to generate capital investment, any additional capital attracted from private or foreign sources and investment in development of Ukrainian human capital should be courted.
178. To meet the challenges of globalization and internationally recognized business education standards, there is an urgent need to radically reform or abolish the current official standards for business education accreditation and replace them with standards compatible with international accreditation organizations. Conforming to international standards will result in the recognition of Ukrainian diplomas abroad and open doors of international corporations to Ukrainian graduates. Conforming to international standards is more cost efficient since the accreditation will be performed by a peer-review teams rather than the government and many of the costs of the program review and accreditation process will be paid for by interested business schools.

179. Growing participation in global markets and responding to technological changes requires the Ministry of Labor to adjust and update the labor code and job classification systems. Such revisions will send a clear signal to the MOES and to business schools to modify curricula for newly recognized job categories and proceed with career counseling in accordance with these changes. It will also send the right signal to domestic and foreign business communities about relevant changes in the regulation of the Ukrainian labor market.

180. Regional and local governments should realize that management education institutions are an important asset to their communities. They should understand that schools that produce high-quality graduates and offer additional services for the business community and general public significantly improve existing human capital and contribute to the enhancement of the region’s competitive position with other regions or cities in attracting investors. They should treat the education institutions as an important engine of development. In order to keep the “engine” running smoothly, local government representatives should facilitate business school development by participating in advisory boards for business schools. In this way, they can influence the management of business school to design curricula that better address regional and local needs. They should also participate in cooperative networks linking business schools with businesses as a potential customer for continuing education and training services.

181. In addition to the recommendations mentioned above, there is an urgent need to secure equal conditions for the operation of public and private educational institutions to end existing discrimination against the latter. The government should appreciate the fact that private investors are willing to invest in the Ukrainian education system and Ukrainian citizens are willing to pay for it. These initiatives contribute to the wealth of Ukraine’s economy and citizens. The MOES can provide policy, but the market and its quality evaluation should be the determining factor of the business school’s viability.

4.4. Businesses

182. Ukrainian businesses have yet to recognize the value of high quality graduates from Ukrainian business schools. High quality graduates are absolutely necessary to sustain business in Ukraine. In addition, business leaders of domestic and foreign firms should reevaluate their prejudice
against domestic business schools as inferior to foreign ones because in the last few years there has been a large investment in faculty and curriculum development by Ukrainian private and public educational institutions, making them more competitive with western schools.

183. Business leaders should help Ukrainian business schools to better respond to business needs. They can do so by participating in the schools’ advisory boards, through guest lectures, by providing internships for faculty and students, by participating in workshops, and by hiring management faculty and students as consultants. They can also establish cooperative networks among businesses, academia, and other interested stakeholders. These networks should begin on local or regional levels. The business community should realize that bettering domestic business education is a very profitable investment. It will improve the quality of education. Though participation and support, business can ensure that education fits its needs without spending considerably more money for educating their managers and workforce abroad or at international business schools.

184. Finally, as the Ukrainian economy grows and government offers tax incentives, business leaders should follow their western counterparts and give grants or endowments to business schools. They should think about the future of a knowledge-based economy where success will be impossible without strong Ukrainian academic institutions.

4.5. Students

185. Ukrainian students should play a larger role in education and take responsibility for their professional careers. They need to realize that they are one of the most important stakeholders in management education and as such should demand high quality education with modern curricula and teaching methods. They need to be responsible partners in management education and in their relationships with faculty and administrators.

186. In addition, they should request that schools provide full-scale students services, particularly career counseling, internships, and job placement. As responsible partners, students should be consulted in the design and operation of student services. Moreover, they should be made aware of the activities of alumni associations, the benefits of networking, and the need for continuing education.

187. Finally, students should take advantage of school resources, particularly IT services such as the Internet, to enhance their knowledge, skills, and job opportunities, while participating in a global academic community.
4.6. Public at Large

188. The public at large must be made aware of the benefits of management education as an engine for improving the business climate and bringing more businesses and job opportunities to Ukraine. It is particularly important for community organizations and NGOs to develop financial management and fundraising skills, both of which are taught in management education. The public needs to know that modern business education provides solutions for some of the major deficiencies in the Ukrainian economy such as the problems of the underdeveloped small- and medium-size enterprise sector or the painful, long-term restructuring of large state companies. In addition, through business education and the emergence of a market economy, the public can move forward to creating sustainable economic development and a civic society.

4.7. Ukrainian and Foreign Donors

189. Due to economic and historical conditions, there are as yet few Ukrainian donors to the educational market. Nevertheless, existing and potential domestic donors should consider continuing their support of those forward-looking business schools that demonstrate leadership, and have a clear mission and strategy, high quality, well organized faculty, and that are in the process of meeting international standards.

190. The experience of the most successful Central and East European countries (CEEC) indicates that well designed foreign assistance, particularly in human resources and institutional capacity building, can speed up the transition process and make it less painful for the public. Taking into account lessons from selected CEEC, various foreign donors should consider undertaking joint efforts with progressive business schools for a better coordinated foreign assistance strategy over the next five to ten years with an emphasis on human and institutional capacity building. Ukraine still badly needs assistance but one can now see many examples in academe of the tremendous positive effects of well designed and delivered assistance. Donors should pay more attention to Ukrainian and CEEC success stories in education and try to support similar projects.

191. One approach recommended by participants at the roundtables and conferences to improve the effectiveness and efficiency of foreign assistance is close cooperation between donor, project management, and recipient from the stage of project design, through implementation and monitoring. The active role of the recipient can clarify some of the particular conditions of operating in the Ukrainian environment, can assist in designing common evaluation criteria and monitoring systems, and can increase the potential impact of the project.
192. Participants requested that international organizations operating in the business education sector share their information about Ukrainian business schools with potential foreign investors to demonstrate to them that management education at the more progressive Ukrainian business schools is an efficient and well-suited alternative to more expensive western business schools.

193. Business school administrators who attended the roundtable and national conferences demanded continuation of CEUME activities for the next several years, focusing on:

- Completing undergraduate and offering MBA curricula through the Summer Institutes and Weekend Workshops;
- Further strengthening the management of business schools by offering U.S. and Polish Study Tours, internships and continuing workshops on fundraising and financial management in academe;
- Expanding further CEUME publications, adaptations, translations, case competitions, and book distribution;
- Intensifying outreach programs such as Post-Diploma Study programs and consulting; and
- Continuing partnerships with Ukrainian business schools based on mutual agreements.

194. The participants also supported the CEUME approach to creating a “critical mass” of faculty trained through CEUME at each of the Ukrainian partner institutions and to establish educational support centers equipped with all CEUME publications and other teaching materials. They also strongly requested that CEUME continue its team-teaching with Ukrainian, American, and Polish instructors as an excellent tool for curriculum development and pedagogical innovation. They hope CEUME will use this team strategy while facilitating the development of joint research, textbooks, cases, and other publications.

195. Finally, the experience of selected CEEC indicates that successful implementation of blueprints prepared for their countries was significantly facilitated by establishing specialized, policy-oriented, independent think tanks.
5. APPENDIXES
APPENDIX 5.1.

LIST OF PARTICIPANTS
OF THE SECOND NATIONAL
CONFERENCE
The Second National Conference took place November 16–18, 2000, in Lviv under the auspices of CEUME. A total of 231 academics, administrators, businesspeople, officials, members of NGOs, and consultants took part.

- Victor Alkema, Professor, Pro-Rector, Nikopol Institute for Management, Business, and Law
- Oxana Androzchuk, University Faculty, Ternopil State Technical University
- Yaroslav Mikhailovich Antonuk, Assistant Dean, Lviv Academy of Commerce
- Natalia Apatova, Dean, Tavricheskiy National University
- Victor Artemenko, University Faculty, Chief of IT in Management Chair, Lviv Academy of Commerce
- Olexandra Baklanova, Project Manager, Kyiv-Mohyla Business School
- Ivanna Bakushevych, Docent, Chairperson, Ternopil State Technical University
- Ludmila Batchenko, Docent, Chairperson, Donetsk State Academy for Public Administration
- Olena Bayeva, University Faculty, Cherkassy Institute of Management
- Valeriy Bebyk, Professor, Rector, Mzhirregionalna Academy of Personnel Management
- Olena Bei, Director, NewBizNet
- Olena Belofastova, Director, Kyiv Investment Management Institute, Kyiv Business School
- Irina Belyaeva, Director, Consultation Center “Osbita”
- Sergiy Berenda, Professor, Kharkiv National University
- Ludmila Beztelesna, Professor, Dean, The University “Ostroh Academy”
- Olga Bilous, Professor, Rector, Institute for Economics and Entrepreneurship
- Zbigniew Bochniarz, Professor, Project Director, CEUME
- Anatoliy Bogatyriov, University Faculty, Odessa State Academy for Food Technologies
- Mykhailo Bondarenko, Professor, Rector, Kharkiv Institute for Business and Management
- John Brandl, Professor, Dean, University of Minnesota
- Jacek Brdulak, Professor, Pro-Rector, Warsaw School of Economics
- Denis Brodskiy, Compensation and Benefits Manager, Reemstma-Ukraine
- Vyacheslav Brukhovetskiy, Professor, President, National University “Kyiv-Mohyla Academy”
- Vira Bukina Docent, Kyiv National University of Trade and Economics
- Oxana Bulava, Director of Advertising Department, Traidents Consulting
- Olexiy Buzhin, Professor, Docent, Cherkassy Institute of Management
• Alla Chapkis, Professor, Docent, Kyiv Institute “Slavic University”
• Vitaliy Chuba, deputy editor of magazine Synergy, Innovation & Development Center
• Svitlana Chubakha, Director of training department, Kirovograd Agency of Business Development
• Natalia Chuprina, Manager of External Personnel Service, Company of Corporate Trainings
• Vasil Chygrinov, Professor, Pro-Rector, Kharkiv Institute for Business and Management
• Viacheslav Dementiev, Professor, Dean, Donetsk State Technical University
• Valentina Dem’yanenko, Director of Information and Computer Center, International Management Institute
• Lidia Diadechko, Professor, Donetsk State University of Economics and Trade
• Galyna Domaradzka, University Faculty, Chairperson, National University “Lvivska Politechnika” Institute of Entrepreneurship and Prospective Technologies
• Mykhailo Dombrovskiy, Professor, Ternopil Academy of National Economy
• Zbishek Dombrovskiy, University Faculty, Docent, Ternopil Academy of National Economy
• Volodymyr Dorovsky, Docent, Director, European University of Finance, Information Systems, Management and Business
• Svetlana Dorovsky, Docent, Pro-Rector, European University of Finance, Information Systems, Management and Business
• Rusana Dudun-Kuznetsova, Referent, “Traident Consulting”
• Sergiy Dudzianiy, TMC Group
• Olexander Dzuban, Docent, Head of the Department, Pridneprovsk State Academy Civil Engineering and Architecture
• William Estrem, Professor, Endowed Chair, Global Technology Management, University of St. Thomas Business School
• Dmytro Fedoseyenko, International Affairs Department, Poltava State Agricultural Institute
• Oksana Fesenko, Docent, Christian Humanitarian - Economic Open University
• Taras Finikov, Docent, First Pro-Rector, Institute of Economics and Law “Krok”
• Anatoliy Furda, Manager of Distance Learning Project, Ukrainian-Canadian Business Center
• Sviltlana Furda, Administrator, Ukrainian-Canadian Business Center
• Anatoliy Gaikov, Pro-Rector, Kharkiv Humanitarian Institute “National Ukrainian Academy”
• Olga Galushko, Professor, Chairperson, National Mining Academy of Ukraine
• Alla Georgiadi, Docent, Lviv Institute of Management
• Volodymyr Gepgalo, Director, College of Economics and Management
• Anna Goloktionova, Office coordinator, CEUME
• Mykola Golovatiy, Professor, Vice-President; Head of Confederation of Private Higher Education Establishments of Ukraine, Mizhregional Academy of Personnel Management

• Svitlana Gorban, Docent, Deputy Dean, Zaporizhzhia State University

• Bohdan Goshko, Dean, Lviv Institute of Management

• Oxana Grets, Docent, Tavricheskiy National University

• Yuriy Gubeni, Lviv State Agricultural University

• Natalia Gulyaeva, Docent, Dean, Kyiv National University of Trade and Economics

• Sergiy Gvozdiy, Deputy Director, Lviv Institute of Management

• Elena Hazizova, Deputy Director, Central Ukrainian Regional Training Center (CPP project)

• Anatoliy Ilyin, European University of Finance, Information Systems, Management and Business

• Iryna Ivanova, Docent, Kyiv National University of Trade and Economics

• Mikhailo Ivaschuk, Professor, High Business School- Institute for Economics and Management

• Arkadiy Kachanov, Director, Small Business “Ukrtechnochtp”

• Anatoliy Kalianov, Professor, Pro-Rector, Donetsk Institute of Market and Social Policy

• Olena Kanischenko, Docent, National Technical University of Ukraine

• Genady Kanishchenko, Academic Dean, Kyiv Business School

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• Tamara Kasich-Pilipenko, Docent, Zaporizhzhya National Technical University

• Ihor Katernyak, Director, Lviv Institute of Management, Center of Technology Promotion

• Zoya Kayira, Professor, Docent, Donetsk State Academy for Public Administration

• Nancy Keel, Executive Director, Junior Achievement Ukraine

• Natalia Kharchenko, Professor, Docent, Poltava State Agrarian Academy

• Sergiy Khimchenko, General Director, KMK Group

• Fedyr Khmil, Professor, Chief of the Management Chair, Lviv Academy of Commerce

• Vasyl Khomyn, Newspaper “Postup”
• Viacheslav Kobzar, Program Assistant, U.S.–Ukraine Foundation, Eastern Ukraine Regional Training Center
• Mykhailo Kolisnyk, Docent, Lviv Institute of Management State University “Lvivska Politechnika”
• Ivan Kopych, Docent, Pro-Rector, Lviv Academy of Commerce
• Oleg Korenkov, Doctorate student, National Technical University of Ukraine
• Olga Korneyeva, Professor, “Strategy” Institute for Entrepreneurship
• Vladislav Korol’kov, Professor, Docent, Zaporizhzhya National Technical University
• Victor Koszarny, Emergex Business Solutions
• Tetiana Kotukhova, University Faculty, International Management Institute
• Ludmyla Koulakovska, Docent, Dean, Zhytomyr Engineering-Technology Institute
• Oxana Koulakovska, Ukrainian Polish Coordinator, CEUME
• Vyacheslav Koval, Chair of the Board, Agency for Regional Development “Donbas”
• Konstantin, Kovalchuk, Professor, Dean, National Metallurgical Academy
• Mykola Kovalenko, Professor, Pro-Rector, Odesa National University
• Anatoly Kovalev, Docent, Pro-Rector, Odessa State Economic University
• Mirosiaw Kowalewski, Director, University of Warmia and Mazury in Olsztyn, International Center for Business and Public Management
• Ludmyla Kozhara, Deputy Director, Center for Innovations Development
• Galyna Kozlova, Professor, Chairperson, Odessa State Economic University
• Vadim Kozub, Trade Representative, 3M
• Mikhailo Krikunov, Docent, Rector, “Strategy” Institute for Entrepreneurship
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• Larisa Krupska, Regional Representative, Kharkiv, CEUME
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• Svitlana Kubiv, Director, Company “Meta Plus”
• Svitlana Kucherova, Alumni Manager, International Management Institute
• Ivan Kulchitskiy, Deputy Director, Lviv State Center of Scientific, Technical, and Economic Information of Ministry of Education and Science of Ukraine
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• Edward Kuzhnetsov, Professor, Chairperson, Odessa National University of Mekhnikova
• Oleg Kuzmin, Professor, Dean, State University “Lvivska Politechnika”

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• Krzysztof Sawicki, Consul General, Consulate of Republic of Poland in Ukraine
• Bohdana Scherbak, Training program coordinator, CEUME
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• Ludmyla Shalimova, Professor, Kharkiv Branch, Ukrainian Academy of Banking
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• Oleg Sharov, Doctor, Pro-Rector, Institute of Economics and Law “Krok”
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• Olexander Sharov, Director, Consortium “OKO”
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• Yevgen Shevchuk, Innovation Development Center
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• Mathew Schultz, Volunteer, U.S. Peace Corps
• Nataliya Shumkova, Vice-President for Development, National University “Kyiv-Mohyla Academy”
• Tatiana Shuniaeva, Regional Representative, Donetsk, CEUME
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• Koskiantyn Skyhytskiy, Docent, Chairperson, Cherkassy Institute of Management
• Lubov, Smolyar, Deputy Chairperson, National Technical University of Ukraine
• Serhiy Sobol, Docent, Chief of Management Chair, Kyiv National Economic University
• Olena Sokhatska, Docent, Ternopil Academy of National Economy
• Svetlana Soldatova, Professor, Tavricheskiy National University
• Olga Starovoitova, Financial Specialist, CEUME

• Tamara Strokan, Docent, Chairperson, Cherkassy Engineering-Technological Institute

• Olexander Sydorenko, Training Director, Consortium for Enhancement of Ukrainian Management Education/Innovation Development Center

• Natalia Sytnik, Professor, Banking Institute of Ukraina Bank

• Sharon Thatch, Professor, Tennessee State University

• Natalia Tkachenko, Professor, Kyiv National University of Trade and Economics

• Larysa Tkachuk, Director, Zhytomyr filia of EUFMB

• Valeria Tsapova, International Center of Privatization, Investments and Management

• Anatoliy Tybin, Docent, Director, Institute for International Business and Management, Ternopil Academy for Economics

• Zoya Tymoshenko, Professor, First Pro-Rector, European University of Finance, Information Systems, Management and Business

• Olena Tytarenko, University Faculty, Institute of Economics and Law “Krok”

• Valeriy Udovenko, Ukrainian Polytechnic

• Nina Ushakova, Professor, First Pro-Rector, Kyiv National University of Trade and Economics

• Natalia Vasylenko, Professor, Rector, Kirovograd Institute of Commerce

• Oleg Vasylenko, Coordinator of Educational Activity, Kirovograd Institute of Commerce

• Volodymyr Vasylenko, Professor, Pro-Rector, Kirovograd Institute of Commerce

• Galina Vdovichenko, Economic Development Specialist, Winrock International

• Julia Veretelnikova, European University of Finance, Information Systems, Management and Business

• Andry Verlan, IT Coordinator, CEUME

• Alla Voronova, Director of Marketing and International Relations, International Management Institute

• Jim Watson, Director of the Private Sector Development Office, USAID

• Fryderyk Widlak, Professor, Program Director, Wyzsza Szkoła Biznesu-National Louis University

• Victoria Yakovleva, Regional Representative, Dniepropetrovsk, CEUME

• Vyacheslav Yamkoviy, Chief of Informational-Analytical and Forecasting Department, Ministry of Education and Science of Ukraine

• Petro Yanitskii, Executive Director, Lviv Institute of Management

• Oleg Yaremenko, Professor, Chief of the chair, Kharkiv Humanitarian Institute “National Ukrainian Academy”

• Mikhailo Yavorskiy, Professor, Director, Lviv Branch of Regional Human Resource Management Academy
• Diana Yurash, Consortium “Geneza”

• Igor Yuschuk, pro-Rector, Azov Regional Institute of Management

• Volodymyr Zabolotny, Vice-president, International Center of Privatization, Investments, and Management

• Anatoliy Zagorodniy, Professor, Pro-Rector, Institute of Entrepreneurship and Perspective Technology “Lvivska Politechnika”

• Vitali, Zakharchenko, Docent, Odessa National University

• Tetiana Zarutska, Professor, Docent, Kharkiv National University

• Irina Zelenskaya, Project Administrator, CEUME

• Antonina Zelins’ka, Professor, Head of the Methodology Department, Zhytomyr filia of EUFMB

• Borys Zhalilo, MBA, Deputy Director of Company Training Programs, International Center of Privatization, Investments and Management

• Andriy Zolotukhin, Director of the Department, Ukrainian Union of Businessmen and Entrepreneurs

• Daur Zukhba, Professor, Deputy Dean, Donetsk State Technical University
APPENDIX 5.2.

LIST OF PARTICIPATING INSTITUTIONS
• Academy for Public Administration, Odessa Branch
• Academy for Public Administration, Dnepropetrovsk Branch
• Academy for Public Administration, Lviv Branch
• Academy of Customs Services of Ukraine
• Azov Regional Institute of Management
• Banking Institute of Ukraina Bank
• Buchach Institute of Management and Audit
• Cherkassy Engineering and Technological Institute
• Cherkassy Institute of Management
• Cherkassy State University
• Christian Humanitarian-Economic Open University
• College of Economics and Management
• Dnepropetrovsk Academy of Management, Business, and Law
• Dnepropetrovsk State Finance-Economics Institute
• Dnepropetrovsk State University
• Dnepropetrovsk State University
• Donetsk Institute of Entrepreneurship
• Donetsk Institute of Market and Social Policy
• Donetsk National University
• Donetsk State Academy for Public Administration
• Donetsk State Technical University
• Donetsk State Technical University
• Donetsk State University of Economics and Trade
• Emergex Business Solutions
• European University of Finance, Information Systems, Management and Business, Krivoy Rog
• European University of Finance, Information Systems, Management and Business, Kyiv
• European University of Finance, Information Systems, Management and Business, Lviv
• European University of Finance, Information Systems, Management and Business, Zhytomyr
• High Business Administration School
• High Business School—Institute for Economics and Management
• Industrial Academy of Ministry of Industrial Policy
• Institute for Business, Management and Information Technology, OGPU
• Institute for Economics and Entrepreneurship
• Institute for International Business and Management, Ternopil Academy for Economics
• Institute for Post-Graduate Education, Odessa
• Institute of Economics and Entrepreneurship
• Institute of Economics and Law “Krok”
• Institute of Entrepreneurship and Perspective Technology “Lvivska Politechnika”
• Institute of Market Problems and Economics-Ecological Research
• International Center for Business and Public Management (ICBPM)
• International Center of Privatization, Investments and Management
• International Christian University
• International Management Institute
• Inter-regional Institute of Business
• Kharkiv Branch, Ukrainian Academy of Banking
• Kharkiv Humanitarian Institute “National People’s Academy”
• Kharkiv Institute for Business and Management
• Kharkiv National University
• Kharkiv State Academy of Culture
• Kharkiv State Automobile and Road Construction Technical University
• Kharkiv State Municipal Academy
• Kharkiv State University of Economics
• Kherson State Technical University
• Kirovograd Institute of Commerce
• Kyiv Business School
• Kyiv Institute “Slavic University”
• Kyiv Institute of Business and Technologies
• Kyiv Investment Management Institute
• Kyiv National Economic University
• Kyiv National University
• Kyiv National University of Trade and Economics
• Kyiv University of Technologies and Design
• Kyiv-Mohyla Business School
• Kyiv-Mohyla Business School
• Lviv Academy of Commerce
• Lviv Institute of Management
• Lviv Institute of Management
• Lviv National University
• Lviv State Agrarian University
• Lviv State Center for Scientific, Technical, and Economic Information of the Ministry of Education and Science of Ukraine
• Mikolaiv Branch, Kyiv National University of Arts
• Mizhregional Academy of Personnel Management
• Mizhregional Academy of Personnel Management, Lviv Brach
• Mykolaiv Branch, Kyiv Institute “Sloviansky University”
• Mykolaiv Branch of National University “Kyiv Mohyla Academy”
• National Agrarian University
• National Center for Preparation of Ukrainian Banking Specialists
• National Metallurgical Academy
• National Mining Academy of Ukraine, Dnepropetrovsk
• National Technical University “Kharkiv Polytechnic Institute”
• National Technical University of Ukraine
• National University “Kyiv-Mohyla Academy”
• National University “Lvivska Polytechnika” Institute of Entrepreneurship and Prospective Technology
• National University “Lvivska Polytechnika”
• Nikopol Institute for Management, Business and Law
• Odessa Hydrometeorologic Institute
• Odessa Institute of Public Administration and Management
• Odessa State Academy for Food Technologies
• Odessa State Law Academy
• Odessa National University of Mechanics
• Odessa State Economic University
• “Ostroh Academy” University
• Poltava State Agricultural Institute
• Pridneprovsk State Academy Civil Engineering and Architecture
• Regional Institute of Management
• Southern Regional Scientific Center of Ukrainian Academy of Information
• Southern Slavonic Institute
• St. Thomas University Graduate School of Business
• State Tax Administration Ukrainian Finance and Economics Institute
• State University “Lvivska Politechnika”
• “Strategy” Institute for Entrepreneurship, Zhovti Vody
• Tavricheskiy National University
• Tavriyskiy Institute of Entrepreneurship and Law
• Tennessi State University
• Ternopil Academy of National Economy
• Ternopil State Technical University
• Ukraine-Canada Business Center
• Ukrainian Academy of Public Administration
• Ukrainian Institute of Entrepreneurship
• Ukrainian Polytechnical College
• Ukrainian University of Food Technologies
• University of Minnesota
• University of Warmia and Mazury in Olsztyn; International Center for Business and Public Management
• Vinnyska State Technnical University
• Warsaw School of Economics
• Wyzsza Szkoła Biznesu, National Louis University, Nowy Sącz, Poland
• Zaporizhia State University
• Zaporizhzhya National Technical University
• Zhytomyr Engineering-Technology Institute
APPENDIX 5.3.

BUSINESS EDUCATION: VIEW OF BUSINESS

This research sought to identify the current views, needs, and demands of business community toward business education. Those surveyed were 32 general directors (63 percent of the total respondents), 2 deputy general directors (4 percent), 15 human resource managers or their deputies (24 percent), and 5 other functional managers.

1. General Attitudes

Most respondents (59 percent) noted that a business education degree is not a critical criterion in selecting a new employee. At the same time 41 percent mentioned that they would pay attention to a person’s education.

Those who said the degree is not important noted
- That experience is much more important
- A business degree does not guarantee having practical skills
- Quality business education is a rare thing in Ukraine
- “I do not know what to expect from the graduate because I do not know what this school specializes in.”

Those who felt a business degree is important said
- It provides a basic knowledge and understanding of economic laws and models
- It is a sign of maturity
- It enables graduates to start working right after graduation because they have skills (though still insufficient) and their knowledge is more structured and systematic; as a result the businesses require less investment in training recent graduates.

2. Views of business-school curricula and relations with business

Many respondents noted that at this time Ukrainian business education does not measure up to international standards. Over two-thirds of respondents noted that the teaching approach (methodology, quality of materials, quality control system, etc.) is the most important of all areas where Ukrainian business education needs to be improved. The most bothersome factor for all of respondents was that business education is still built around memorization instead of developing problem-solving and decision-making skills.

The major consequence of the traditional methodology (lectures and final exams) is the absence of practical skills in graduates. Most respondents stressed that business education has to be as practice-oriented as possible. Educational materials based on the reality of Ukrainian business life are lacking, so faculty are often forced to use outdated and often irrelevant materials.

Regarding cooperation with business, one manager stated: “Business itself has to change its attitude toward business education: to receive something in return something has to be given. The least what we can do is to allow the educators to write case studies about our companies.” Active cooperation and interaction with business were named as the least developed but the most critical features of Ukrainian business education. Business representatives have demonstrated their willingness to work with educators, but in most cases they never received invitations to cooperate.
The Content of Educational Programs

For most managers the important features of business education should be:

- the opportunity to select a narrow specialization
- using modern methodology and tools matching current business development
- development of communication skills

The Professional Level of Faculty

Interviewees noted that the professional level of faculty is extremely important. The two criteria of professionalism that are most critical are: practical experience, the ability to communicate and a good personality.

Students

On average, respondents said students enrolled in Ukrainian business schools are too young compared to students in the West, and they possess no practical work experience. International exchanges are not practiced enough by Ukrainian business schools, even though intercultural relations are considered an advantage. Generally Ukrainian students are seen as less serious, less responsible, and more passive than students of western business schools. The Ukrainian students are less able to think independently or articulate their views effectively.

3. What Businesses Want

Good Employees

To discover what qualities employers want their employees (business school graduates) to have, respondents were asked to rank the most desirable quality of potential employees into three categories, knowledge, skill, and attitude (see below).

The weakness of this answer is that it does not specify what kinds of knowledge and skills employers wanted of employees.

Training

When asked whether their companies conduct training for employees, 88 percent said “Yes. Companies conduct training on the following topics:

- Sales skills
- Communication skills
- Customer care/working with clients
- Marketing
- Finance
- Team building/team work
- Human resource management
- Personal development

Interestingly enough, five of these eight topics are skills building and only three are content-oriented (knowledge-based). When compared to the previous answer that employers consider “knowledge” more than three times more important than skills it leads us to question what respondents meant by “knowledge.”
When asked from which organizations they most frequently request training, 17 managers said that their companies have own training systems and 27 companies engage other educational and training institutions. The managers were asked to identify the types of educational institutions that are most frequently involved in staff training. The responses were distributed as follows:

Table 3: Institutions Involved in Staff Training

<table>
<thead>
<tr>
<th>Educational Institutions</th>
<th>The Number of Positive Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukrainian Training Companies</td>
<td>14</td>
</tr>
<tr>
<td>International Training Companies</td>
<td>12</td>
</tr>
<tr>
<td>Ukrainian Business Schools</td>
<td>10</td>
</tr>
<tr>
<td>International Business Schools</td>
<td>3</td>
</tr>
</tbody>
</table>

International business schools are engaged mainly for training top-level management. As for the Ukrainian business schools, few businesses knew they offered such services. All of the interviewees that selected the option “Ukrainian business school training” mentioned that they wanted to see the training programs based on Ukrainian material.

Analytical Materials and Scientific Publications

When asked if their companies used materials or publications from business schools, 27 percent said 'Yes', 73 percent - 'No'.

Table 4: Use of Business-School Publications

<table>
<thead>
<tr>
<th>Response</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. We have not used them</td>
<td>36</td>
<td>73.5</td>
</tr>
<tr>
<td>Yes. We used materials developed by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western business schools</td>
<td>13</td>
<td>26.5</td>
</tr>
<tr>
<td>Ukrainian business schools</td>
<td>8</td>
<td>16.3</td>
</tr>
<tr>
<td>Ukrainian business schools</td>
<td>5</td>
<td>10.2</td>
</tr>
</tbody>
</table>

In summary, few Ukrainian businesses surveyed knew much about Ukrainian management education and, consequently, did not value it highly. At the same time, businesses were generally in favor of the idea of improved Ukrainian management education, especially when it could be based on Ukrainian materials and case studies. Businesses are often seeking graduates with narrow technical skills and have not yet explored the broader implications of management education. The potential for business cooperation with business schools remains largely unrealized.
APPENDIX 5.4.

UKRAINIAN ENTREPRENEURS’ NEEDS IN BUSINESS EDUCATION
Summary of “Analysis of Ukrainian Entrepreneurs’ Needs in Business Education and Training at the Current Stage of Economic Development.” Summary of a report by the Consortium for Enhancement of Ukrainian Management Education (CEUME) and International Management Institute. Kyiv: CEUME & IMI, 2000. The survey collected over 100 questionnaires which were followed up by face to face interviews with representatives of 30 companies from both manufacturing and service sectors with a variety of ownership structures.

The current state of the economic transformation of Ukraine, the appearance of numerous corporations, enterprises, and firms with private ownership, and their successful ability to adapt to new markets and globalization of economic resources requires a native labor force consisting of experienced managers able to work effectively in current economic conditions.

The existing labor market requires management education institutions to conduct coherent and targeted activities directed toward the education and training of such specialists. In order to achieve these objectives, educational institutions must be fully aware of the current and future human resource demands of Ukrainian businesses, which operate in various industries, and also must be able to identify target majors and specialties as well as appropriate level and quality of training.

These facts demonstrate the need to analyze the past experience of Ukrainian enterprises in educating and training managers; to examine characteristics of training courses which are in high demand because of their form, learning strategies, and structure; and to determine the priorities of Ukrainian enterprises in training and educating specialists of various managerial levels.

An analysis of the survey allows one to draw several conclusions:

1. Companies are mainly concerned about the development of such components as: strategic analysis in order to achieve competitive advantage, issues of reorganization and restructuring, and restructuring of other potentially profitable units in the company. This choice of priorities is explained by the current economic situation in Ukraine, where most enterprises have to find their market share and market niche, occupy a stable position there, and try to survive under new market conditions.

2. During the next five years, directors of these enterprises see the tendency to stress all components of the business strategy. In their opinion, in five years the issues of development strategy in terms of competitive advantages will no longer remain the most important issue but will be supplanted by the need for developing effective general and strategic management. Companies are now trying to include human resource development in their strategic plans because they recognize that developing professional personnel can become a source of competitive advantage in the future.

3. At the current time top managers provide and support their enterprises relying on their own personal and professional knowledge, skills, and efforts, and also by employing professionals in highly technical specialties for the execution of complicated special tasks.

4. The most attractive length of training programs for managers of all levels is the medi-
um-length program (one week to three months). These programs are especially attractive to middle managers. The least attractive training programs for managers of all levels are those involving distance learning because of the lack of telecommunication technology, a traditional mistrust of this type of program, and its unusual form.

5. Long-term programs are favored by “young talents” because they can leave their working places for the longer periods of time since they have fewer professional responsibilities.

6. Board members prefer long-term and medium-length programs. When possible they attempt to select programs that they consider the best and which are traditionally most trusted.

7. According to the results of the survey there are two major factors motivating companies to participate in training programs:
   • Needs of the technical departments (Initiators are heads of the departments.)
   • Desire for self-realization and the development of the employees of the company (Participation in training occurs because of the personal initiative of participants.)

8. The main areas for the training are those related to the manufacturing/production of the enterprise in general, than to the needs of individual departments or the interests of employees.

9. The main criteria for selection of training providers are reputation, availability, training cost, and expected impact of the training. Where the training is held or other amenities do not play critical roles in the selection of training providers for service and manufacturing companies. The main emphasis in training is on content and impact of training rather than the structure or amenities of the training site.

10. The results of the survey indicate that there is insufficient development of human resource management services and a lack of understanding of tasks and responsibilities of human resource managers by Ukrainian companies, especially in the manufacturing sector. As a rule, personnel development training occurs only on specific projects when the accomplishment of some operational task is impossible without new knowledge and skills.

11. Currently the success of training programs and their influence on the effectiveness of the enterprise’s activities depend mainly on the value that general managers or directors place on them. In transition economy, where the human resource management departments are not developed, general directors become the initiators of training programs for their employees. They select training based on their personal and professional understanding of the general needs of the company and their experience in working with educational and training programs. In these cases, the general manager or director selects training providers and training participants. Successful implementation of the training depends on the will of the top manager, who designs and implements the general development strategy of the enterprise. It is up to top management whether the knowledge and skills received during training become an integral part of company’s development.

12. As a result of this survey, there are two major object lessons for management education institutions: first, to provide professional educational services in accordance with the demands of the business community, and, second, to inform managers’ and executives’ understanding of the need for human resource training as both a key to answering the company’s current needs and an integral part of the long term strategy for the company’s development.

13. General directors demand training programs concentrating on the enhancement of
functional skills. They pay attention to educational programs that provide employees not only with theoretical knowledge and skills, but also enhance their ability to make decisions and solve practical problems. The three most popular training courses are general management, marketing and sales skills. These three courses were the most frequently attended by employees during past five years.

14. The opinions of human resource managers differ from the opinions of general directors. In addition to stressing enhancement of functional skills, human resource managers consider it important to emphasize training focused on the development of communication and decision making skills, creativity, and entrepreneurial skills.

15. The survey results show that middle management is mainly interested in the development of their management skills. Although they consider communication, decision making skills, creativity, and entrepreneurial skills important, the most popular content courses remain marketing, general management, and sales skills.

16. Thus, the attention and efforts of management education institutions must be concentrated on the development and enhancement of courses from two groups. The first group includes courses of the top priority, which can influence the overall effectiveness of a company’s activity: management, marketing, and sales. The second group consists of courses that were mentioned by all categories of managers but are less popular and valued compared to courses in the first group: corporate governance, corporate finance, technology, operations management and logistics, and management of changes. These courses can answer the existing demand for training at Ukrainian enterprises.

This report was prepared based on the results of a sociological survey conducted during October and November 2000 among 550 senior students majoring in economic disciplines in higher education institutions in the six largest cities of Ukraine.

According to the results, students majoring in business/economic subjects have chosen their major based on the prospects of a future profession; 61 percent of the respondents are fully satisfied with their choice; 91 percent wish to work in the area of their major. These numbers indicate students’ high level of motivation.

At the same time only 31 percent are confident of finding a job in their specialties after graduation; 6 percent are already working on a regular basis.

The average estimate of students’ attainment of a professional level of education in their institutions is 3.7 on a 5-point rating scale (with 5 being the highest), and only 20 percent of respondents consider that they received knowledge and skills sufficient for successful professional activities. Most respondents (78 percent) believe there is a greater demand for graduates with broader specializations under the current economic conditions.

According to students, their access to modern textbooks and other required educational materials was lower than satisfactory (2.9 on a 5-point scale). Worse yet, 44 percent of respondents are using textbooks published before 1990.

Table 5: Student responses on usage of learning material

<table>
<thead>
<tr>
<th></th>
<th>Dnepr.</th>
<th>Donetsk</th>
<th>Kyiv</th>
<th>Lviv</th>
<th>Odessa</th>
<th>Kharkiv</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1990 texts</td>
<td>58%</td>
<td>43%</td>
<td>44%</td>
<td>47%</td>
<td>40%</td>
<td>36%</td>
<td>44%</td>
</tr>
<tr>
<td>Post-1990 texts</td>
<td>86%</td>
<td>88%</td>
<td>86%</td>
<td>89%</td>
<td>90%</td>
<td>86%</td>
<td>87%</td>
</tr>
<tr>
<td>Translations of foreign sources</td>
<td>46%</td>
<td>72%</td>
<td>50%</td>
<td>44%</td>
<td>57%</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>Internet-based materials</td>
<td>40%</td>
<td>27%</td>
<td>28%</td>
<td>18%</td>
<td>26%</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>Interactive methods</td>
<td>19%</td>
<td>35%</td>
<td>20%</td>
<td>11%</td>
<td>19%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
<td>0%</td>
<td>8%</td>
<td>7%</td>
<td>22%</td>
<td>7%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Students believe learning practical skills and gaining practical experience, supplemented by theoretical knowledge, are the most important aspects of management education. Students wish to spend more time working as interns in businesses. They want their professors to use interactive teaching methods, to spend more time working on real-life problems, and to organize meetings with working professionals.

The majority (60 percent) consider interactive learning methods more effective than lectures, and they suggest devoting 56 percent of class time to interactive learning. At this time 55 percent of class time is organized around lectures.

Students want to be taught by the professors who can present the material in an interesting manner based on their knowledge and their own practical experience.

Table 6:
What makes a good Instructor: Student Responses
APPENDIX 5.6.

UKRAINIAN BUSINESS EDUCATION FACULTY: CURRENT STATE AND PROBLEMS
Summary of “View of Faculty of Ukrainian Business Education Institutions: Current State and Problems.” Results of a survey conducted by the Consortium for Enhancement of Ukrainian Management Education and International Center for Privatization, Investment, and Management, July to September 2000. Kyiv: CEUME, 2000. The purpose of the survey was to determine the basic features of the current state of business education and identify key issues in faculty development. The 277 surveyed professors represented educational institutions in Kyiv (20 percent), regional centers of Ukraine (60 percent); and other cities (20 percent); 38 percent of respondents were male and 62 percent, female. The majority of the respondents (78 percent) have a Candidate of Science degree; 5.5 percent, a Ph.D.; and 16.5 percent do not have an advanced degree. The average age of the respondent is 35 years.

1. Teaching Experience and Professional Level

The majority (90 percent) of the respondents have more than one year of teaching experience; 56 percent are engaged in MA programs and other post-diploma studies programs and only 37 percent conduct training and seminars for business and industry. Only 8 percent of the respondents evaluated their English-language skills as high.

Professors were asked to evaluate their own level of professionalism in the areas of the main specialization according to 5-point rating scale (5 = most satisfactory, 1 = least satisfactory). The highest average score (4.5) was in accounting and auditing, the lowest (3.5), in operations management and logistics. Human resources, econometrics, investment, and finance were rated at 3.7.

2. The State of Teaching

Respondents noted many problems:
- Two thirds see insufficient quantity of Ukrainian specific textbooks (especially, accounting, operations management, and logistics)
- Nearly 9 out of 10 lack collections of tests and problems for students practice
- Almost all mentioned poor supply of case studies and materials for case studies

Only one third of respondents considered that students are provided with the minimum of required literature, including basic textbooks. The worst level of textbook supply is in Kyiv, where 21 percent of faculty say the textbook in their major cannot be found on the Ukrainian market. The great majority of respondents (83 percent) use the case-study method but only 16 percent do so on a regular basis. Over 80 percent of the respondents noted that they mainly use case studies based on Ukrainian market situations and 41 percent develop their own cases. Only 25 percent of respondents have unlimited access to internet and 22 percent have no internet access. A third of faculty say their students have no internet access.

3. Scientific Activity

The majority of respondents (86 percent) have published scientific works during the last three years, but only 43 percent publish scientific works on a regular basis; 70 percent of respondents have never published in foreign journals.

Among the factors that hinder faculty research activity is the absence of financial resources. Professors do not engage in scholarly activity because they are given no incentives to do so. They must cover publication costs themselves, there is a lack of time and overload of teaching hours, and there is a lack of specialized jour-
nals. Only 40 percent of respondents noted that there is enough information on scientific achievements available in the field. Only 5 percent of the respondents consider the resources of their library sufficient for the education process and scientific activity.

Only 15 percent of the respondents stated that there is a system to support research activity in their institutions, including financial incentives (this figure is higher in Kyiv 24 percent); 18 percent of respondents say that the management of educational institutions does not support scientific activity at all. More than one third of respondents have not taken part in international scientific conferences during the last two years. The main source for covering conference participation expenses was their own financial resources.

4. Business and Consulting Activity

For 6 percent of respondents consulting is a full-time job; 25 percent of surveyed faculty are engaged in consulting on a regular basis, 39 percent only from time to time, 30 percent are not engaged in any business or consulting activity. At the same time 60 percent of respondents consider such type of activity a requirement for a professor. Only 23 percent say the management of their institutions encourages business and consulting activity.

5. Opportunities for Professional Development

Only 16 percent of respondents think their institutions have a system for professional faculty development. Training activities aimed at professional development are organized on a regular basis in the opinion of 31 percent of the respondents. Only 14 percent noted that they receive sufficient information about training opportunities. At the same time 81 percent mentioned that they have recently participated in training of different types.

6. Stimulus for Professional Activity

Faculty who took part in the survey were asked about the importance of various factors stimulating their professional activity, and whether such factors exist in their educational institutions. “Salary” ranked third after “opportunities of professional development” and “material-technical resources for teaching.” At the same time respondents saw the greatest gap between what they receive for salaries and what they consider sufficient. As for the characteristics of the educational institutions, the greatest gap exists between the opportunities and current conditions in engaging additional funding sources.
APPENDIX 5.7.

EVALUATION OF THE CASE STUDY METHOD IN UKRAINE
1. A total of 130 out of 143 respondents who participated in the survey were using case studies in their courses. Only 13 professors did not use them, although 4 were planning to use case studies in the near future.

2. Professors named 89 case studies, which are being used in 48 different courses. Approximately 32,000 students work with case studies every year.

3. The following case studies distributed by the Case Study Methodology Dissemination Program, are used often:
   - Strategic restructuring of the Boryspil food factory (A and B)
   - Juices “Smak” – what is the taste of positional uncertainty?
   - Slalom in Slavs’ke: fun for fans?
   - AvtoZAZ-Daewoo: losing control?

4. Most respondents who use the case study method in teaching (82 percent) remarked on the students’ positive attitudes toward interactive learning methods:
   - Approximately 27 percent of respondents stressed that students’ activity increases as a result of applying the case method.
   - The growth of students’ creativity in case-study discussions was noted by 16 percent of respondents.
   - Using case studies in teaching management courses helps develop the professional experience and skills necessary for future managers said 10 percent of respondents.
   - Some professors (9 percent of the respondents) noted a deeper understanding of theory by students as the result of using case studies in management courses.
   - And 10 percent of respondents (13 professors) emphasized the students’ desire to study through interactive methods, especially using case studies.

5. Approximately one-third of the respondents (39 professors) wrote that there was no negative reaction among students to using the active learning methods. Two problems in using case study-method in teaching management courses, which were mentioned most often are:
   - The large number of students in classes, mentioned 9 times
   - The lack of time, mentioned 8 times.

6. Almost 90 professors answered that they used the pedagogical publications “Case Method: From the Experience of Teaching in Ukrainian Business-School” and “How to teach cases” prepared by CEUME and IDC. Another 29 professors have not seen these publications at all. Only two professors have these editions, but do not use them.

7. Over 90 respondents got acquainted with the pedagogical publications “Case Method: From the Experience of Teaching in Ukrainian Business-School” and “How to teach cases.” Of this group, 95 percent (86 professors) confirm, that these books are very useful for them, and no respondent wrote that the publications are not useful.

8. Over 100 of the 143 respondents participated in the Summer Institutes or Weekend workshops held by CEUME and IDC.

9. Over 90 professors (85 percent) consider teaching notes to case studies useful. Only 3 professors are sure that such instructions are not useful. And 13 professors (12 percent of all respondents) wrote that they had not seen such instructions to case studies at all.
10. One third of the respondents also write case studies themselves (53 professors are the authors of case studies). Another 12 professors are going to write their own case studies in the near future.

11. When asked why only one third of respondents wrote their own case studies, though 91 percent of the respondents use case studies in teaching courses, two problems mentioned most often were: “the lack of time” (12 answers), and “it is difficult to find the necessary information from the companies” (9 answers).

12. How do professors evaluate case-study competitions? Very often “positively” (11 answers), “good stimuli for writing case studies” (4 answers), and also they “are conducted on the high level” and “reach their aims.”

13. Most of the remarks and recommendations on the organization of the case study competitions concern the necessity for getting feedback to the participants.

14. Many favorable comments were received in answer to the question: “What do professors recommend to change, improve, or reconsider in the program of case-method distribution?” Specifically, 12 respondents recommended “to continue work in such a way!” Other 15 respondents wrote thanks and praises to the program activity.

15. Most recommendations to the program concern organizing different events (seminars, Summer Institutes, conferences, etc.). The recommendations concern also the necessity of more detailed information about the program activity.

16. Over 100 respondents are sure that it is necessary to publish case-study collections. And only three others object the necessity of publishing such collections.

17. Over 60 respondents recommended a program to distribute role playing aids in the future; 54 respondents recommended distributing computer simulations, 10 respondents, to distribute case studies; and 16 respondents recommended spreading other methods of interactive learning.
APPENDIX 5.8.

APPLIED TEACHING METHODS
APPENDIX 5.9.

APPLICATION
OF INTERACTIVE METHODS
According to Dr. Bohdan Hawrylyshyn, various interactive methods must be combined with each other since they affect the development of managerial skills differently.


Figure 3: Application of Interactive Methods
APPENDIX 5.10.

FINANCIAL MANAGEMENT AND POSITION OF BUSINESS SCHOOLS ACCORDING TO SOURCES OF FINANCING
Figure 4.
Funds flow in financial management of the business school
Figure 5:
Position of business schools according to level and sources of financing

Table 8:
Diameter of the circle shows share of business services on the Ukrainian market.

| (a) Dependency of the share in general number and level of state financing. | (1) State business schools with centralized financing system. |
| (b) Dependency of financing on the state and tuition. | (2) State business school with decentralized financing system. |
| (c) Dependency of financing on tuition, grants, and sponsorship. | (3) Private business school created by former or current management of a state higher education institution. |
| (d) Dependency of financing on grants, sponsorship, and long-term investments. | (4) Private business school created by the effort of individuals or foreign organizations (grantors). |

APPENDIX 5.11.

UKRAINIAN MANAGEMENT DEVELOPMENT ASSOCIATION
Today, networking is a necessary prerequisite for professional growth. Only through communication and cooperation can individuals and organizations capitalize on learning experiences of others. Leaders must recognize that common goals and objectives can more readily be achieved by working together while responding to the constant changes present in the twenty-first century. Establishment of partnerships and exchange of practical experience is a basis to achieve success in this changing global environment.

Numerous attempts to create a national cooperative network in Ukraine have focused on the development of management skills, but they failed to achieve results. The broad spectrum of reasons have included: absence of a business education culture, different understandings of the concept of business education, small numbers of business schools, stagnation of domestic business, low purchasing power of population, and lack of investment in education.

Despite this, the results of the Second National Conference organized by CEUME in Lviv (November 16–18, 2000) confirmed the need and readiness of educational institutions, businesses, and consulting companies for collaboration. During the CEUME Study Tour to the U.S. (November 8–15, 2000), participants developed a general understanding and approaches for the development and operating of an association. On the last day of the Lviv conference, participants of the Tour presented a proposal to establish the Ukrainian National Management Development Association (UNMDA). These ideas will be further discussed and developed during Roundtables conducted in 2001 to determine an appropriate strategy. An outcome of these meetings will be a document establishing objectives, organizational structure, guidelines, and processes to create and operate a national association.

The initial working group includes participants of the U.S. Study Tour: N. Apatova, A. Voronova, V. Zabolotny, M. Krikunov, and T. Melnyk.

**General Outline for Creation of UNMDA**

UNMDA is envisaged as an information and research system to enable communication and dissemination of successful experience in the area of business and management education in Ukraine.

**Crucial factors for establishing the Association**

- Globalization of business and education
- Expansion of IT
- Transition to knowledge-based society
- Customization
- Increasing value of human capital
- Networking
- Concentration on social values
- Need for change in Ukrainian society

With this in mind, it is possible to create a vision of business and management education for the twenty-first century.

Higher management education in Ukraine is an open system of social responsibility that has to react to the new requirements of the millennium through enhancement of its own role as well as by generating knowledge of ethical association, providing life-long education, and creating and encouraging changes in Ukrainian society to increase its competitiveness and provide stable benefits to stakeholders and society at large.
The major goal of the Association can be to satisfy and protect the rights of its members by:

- Supporting innovation in management education compliant with international standards
- Supporting initiative that encourage integration of Ukrainian and international faculty
- Supporting projects that improve the teaching quality and research in business education
- Lobbying for Association interests with government
- Creation of a National Business Education Accreditation Association
- Creation of a National Business Education Information Resource Center

**Organizational Structure**

In developing an effective structure, the proposed Association must act in accordance with current legislation in Ukraine as a non-profit NGO. Management of the organization should convene meetings of members and a supervisory board on a regular basis to be determined. The supervisory board potentially could appoint a president and vice president for a designated term, possibly three-year terms.

The Association should finance its activities from member contributions, conducting of conferences and seminars, and special projects. Working committees may include Information (public relations, publications, services), Accreditation, Entrepreneurship and Small Business Development.
APPENDIX 5.12.

QUESTIONS AND ANSWERS FOR THE FUTURE OF UKRAINIAN MANAGEMENT EDUCATION
Taking into account the current stage of the management education in Ukraine, participants in the roundtables and national conferences investigated eleven major questions. These questions and a summary of findings for each follow.

1. What does it mean for an educational institution to be a business?

Business management education is a business itself due to its nature. Although the business education market in Ukraine is only at the initial stage of development, business schools should aim at the market for education and think rather as entrepreneurs when establishing the vision and mission of their institution.

2. To what extent it is appropriate to apply the same quality standards for general higher education to business education?

The major criterion for the quality for business and management education should be the level of business customer satisfaction from delivered educational services. This should be treated as a benchmark for evaluating business-school performance rather than general higher education standards that are applicable to all types of academic education.

3. How can stable funding for business education development be secured?

Financial efficiency of business schools is a prerequisite of their sound development. The issue has two components, the method of financing business schools in Ukraine, and the way business schools can optimize their financial recourses. Both problems are related to other institutional changes in business-school objectives, organizational structure, financial capabilities, and capacities and opportunities of the market in which the business schools operate. The absence of a clear understanding of business-school objectives is a major cause of problems and contradictions in deciding on funding sources and the financial management of the institution.

4. What knowledge and skills should students of Ukrainian business schools receive?

The needs of students as business school customers should be taken seriously since more and more people rely on their own financial resources to get education. There are many different student categories that require an individual approach in terms of program design, selection of training methods, and quality assessment criteria. Important managerial skills are difficult to deliver using traditional teaching methods. A choice must be made based on the students the business school produces and what role they are expected to play. Thus, setting up desirable qualifications of the graduate should be a sound starting point in the process of training-program design and selection of training methods.

5. What priority skills should business schools focus on given the incomplete and unstable nature of the Ukrainian market?

Imparting a common body of knowledge to students, based on relevant international standards, is important. Business people surveyed felt that effective communication skills were a priority. Also important were modern business techniques and the ability to respond to a changing business environment. There is also a clear need for specialized technical knowledge and skills.

6. What should be the philosophy and mechanism for product (program) development for business schools?

Stemming from the concept of “business school as business,” the underlying philosophy should be to satisfy the needs of stakeholders, especially students and the businesses they will work for, create, and de-
velop. Careful attention to the needs of the business environment and communication with the business community are needed to make this a reality. Consulting and research services provided to businesses can be a mechanism for getting this type of “feedback.” Development and implementation of programs, however, can only take place in the context of advancing institutional development. Program development is an integral part of institution-wide transformation and will remain a “dead letter” without broader and deeper changes in business schools.

7. How can mechanisms responding to changes in the market for educational services be created?

Consulting and scholarly research by faculty, for which adequate provision must be made, is one way to provide direct feedback from businesses to business schools. In addition, schools should form alumni associations and business advisory councils. These organizations should solicit for input on development and refinement of business school curricula.

8. What are the most effective teaching methods to build necessary skills and acquire knowledge?

Although traditional lectures are dominant methods of teaching, this report recommends moving away from such techniques toward interactive teaching. For example, case studies have proven an effective technique. Such methods will remain in isolation without further institutional development, creation of broader professional organizations for business schools, and identification and promotion of best practices. Effective teaching must also be supported by development and use of modern business texts in Ukrainian, as well as up-to-date libraries and resources, especially those using the latest information technology.

9. Who should lecture at Ukrainian business schools and how can teaching staff be developed given the history of Ukrainian business education?

Creating the best possible teaching staff for Ukrainian schools will be a long-term process, but some methods identified to achieve this are creation of professional development centers, motivation and incentives for training staff, creating a system of competition, developing a system for assessing and improving quality of education delivered by staff predicated on clear criteria for the meaning of quality education, support for research activities, exchange of information with Ukrainian colleagues and counterparts in institutions in other countries, and developing relationships between instructors and the business community. A coherent system for retraining faculty using proven techniques such as summer and weekend courses, based on local and foreign resources, is strongly recommended.

10. How can customers be made aware of specific educational services for businesses?

Improved relations with businesses and the mass media are needed. Public relations and marketing must be improved as well to provide more information and better outreach to the public. Alumni associations and business councils should play an important role in this. Business schools need to take an active role as participants in civic society and be active in providing and promoting customized services.
11. How can business schools jointly utilize resources to meet business needs and promote business education?

Associations, alliances and networks of business schools should be developed and should be responsible for joint development of standards for accreditation, research, and teaching, as well as, promotion of the business education in the country. Such organization should serve as representative of management education institutions toward other stakeholders such as business organizations and governmental agencies. Regional cooperation and participation in international bodies can promote local use of models of successful transformation from other transition countries.
APPENDIX 5.13.

INTERNATIONAL STANDARDS FOR BUSINESS EDUCATION
European Quality Improvement System EQUIS

EQUIS is an international system of strategic audit and accreditation designed by Europeans for the assessment of institutions in widely different national contexts. Although it is inspired by the particular needs of a European situation characterized by extreme cultural diversity within a large area, EQUIS is not limited to European problems in its scope. The standards are those of effective education for international management and apply to schools in any cultural environment whether in Europe or outside Europe. It was launched in 1997 by the EFMD which has championed the issue of quality in management development for many years and has brought together the key operators in Europe in a common initiative. As Europe’s largest network association in the field of management development, with some 400 members from academia, business, public service and consultancy in 40 countries of Europe and the world, EFMD plays a central role in shaping the European approach to management education. EQUIS has been designed through a process of close co-operation between existing national accreditation bodies in the field of management education as assembled in an association called EQUAL. The role of EQUAL was first of all to define the criteria and the procedure of a future European accreditation system. Now that EQUIS is operational, EQUAL contributes to the monitoring of the system and provides qualified assessors for the audit teams.

EQUIS Quality Standards

To achieve EQUIS accreditation, Schools must be able to demonstrate that they satisfy quality criteria in three equally important areas:

1. High international standards of quality in all of the areas defined in the EQUIS model.

2. A significant level of internationalization as defined within the EQUIS model.

3. The needs of the corporate world are well integrated into programs, activities and processes.

1. General Quality Criteria

• National standing. Where appropriate, the School should be officially recognized by the public authorities in its national environment and should be regarded as a major quality institution by the marketplace (i.e., participants, clients, and competitors).

• Mission. The School should have a clearly articulated sense of mission, which is understood and shared throughout the institution and recognized as legitimate, by the marketplace.

• Governance. The School should have an effective and integrated organization for the management of its activities, with a significant degree of control over its own destiny.

• Scope. The School should have substantial presence in one, and preferably more, of the following areas of educational activity: First degree programs; Postgraduate degree programs (including MBA); Executive education.

• Strategy. The School should have a defined, credible and coherent strategy, realistically reflecting its resources and constraints.

• Resources. The School should be able to demonstrate financial viability and institutional continuity, with physical resources and facilities to provide a high quality learning environment.

• Faculty. The School should recruit, develop and manage its faculty in accordance with its strategic objectives and have sufficient core faculty to cover the major disciplines and constitute a viable body of distinctive expertise (e.g. minimum of 25 professors).

• Students. The School should recruit and select high quality students in its national/international environment and should be able to demonstrate the quality of placement of its graduates.
• Student Services. The School should provide effective professional student services in such areas as Admissions, International Affairs, Careers, Counseling, etc.

• Personal Development. The School should explicitly and effectively support the personal development of its participants beyond the acquisition of knowledge into such areas as managerial skills, values, ethics, leadership, etc.

• Programs. There should be coherent program design, staffing, administration and evaluation, incorporating client and student feedback, and rigorous assessment processes for monitoring student progress.

• Research. The School should have a clearly defined research and publication policy, through which faculty are encouraged to develop distinctive areas of expertise.

2. The International Dimension Internationalization of the institution

The School should have a clearly articulated policy for internationalization to which it is actively committed. The School should demonstrate its commitment to educating students and participants for management in an international environment in the following areas:

• Internationalization of the student body. Evidence of this can include the recruitment of students from other countries. The existence of exchange programs to provide a two-way flow of students. A concern for intercultural exchange in the classroom. The provision of internships or project work across borders. The international placement of graduates. The language ability of graduates.

• Internationalization of the faculty. Evidence of this can include the recruitment of non-nationals to the faculty. The international experience of faculty. The ability of faculty to teach in English. The foreign language skills of faculty. The involvement of visiting professors. The opportunities for faculty to serve as visiting professors abroad. The involvement of faculty in international networks. Participation in international conferences. Research and publication of an international nature.

• Internationalization of programs. Evidence of this can include teaching that focuses on the European and global business environments. Courses taught in English. An international perspective in all the main functional Areas. Courses jointly designed and taught with partner institutions abroad. Internships and study abroad as an integral part of programs. International learning materials.

3. Connections with the Corporate World

The School should have a clearly articulated policy with regard to its relations with the corporate world. The School should be able to demonstrate a strong customer orientation, particularly in relations with corporate clients. Whenever possible given the statutory constraints under which the School operates, members of the corporate community should participate in its governance. The School should manage a portfolio of contacts with the corporate world, a substantial part of which should be with leading companies in its national/international environment. The needs of the corporate world should be inherent in program design. The School should monitor the degree of recruiter satisfaction with the quality of its graduates. Programs should incorporate structured opportunities for participants to gain direct experience of the corporate world, through internships, field work, campus visits by company representatives, etc. Program delivery should include input from practitioners. Faculty should have business experience and keep abreast of current management best practice. Faculty should have opportunities to engage in consultancy.
**U.S. National Standards for Business Education**

These standards for business education provide schools with guidelines as to what constitutes a quality education in 12 curricular areas of business education:

- accounting
- business law
- career development
- communications
- computation
- economics and personal finance
- entrepreneurship
- information systems
- international business
- interrelationships of business functions
- management
- marketing.

The business education standards do not mandate a specific curriculum for schools to follow. They state what all students should know and be able to do in business. It is up to states and school districts that choose to adopt the business education standards to design curricula to achieve these results as best they see fit. The National Standards for Business Education are based on a comprehensive model that includes 12 content areas. These 12 standards areas include all the subjects that are contained in the discipline of business education. The circular format was selected to indicate the interrelationships of subject areas to each other, as well as how each area impacts the others.

The task force members that developed the standards focused this project on a philosophy of continuous quality education (CQE). From inception of the project, plans were made to upgrade these standards on a continuous basis to increase their credibility and worthiness. Thus this project, which is founded on the goal of delivering quality education is designed to reflect the fact that these standards will be continually evaluated in order to provide cutting-edge information for the purpose of curriculum design.

The National Standards for Business Education were developed largely in response to concerns expressed by American business that the nation’s young people were not being adequately prepared for a rapidly changing world of work. The standards also are responsive to the Goals 2000: Educate America Act. The National Standards for Business Education are aligned with the guidelines for standards set forth by the National Goals Panel. Beginning with concrete elementary competencies, students move through increasingly more difficult levels. As the level rises, the standards become more abstract in nature and require more in-depth knowledge, higher level thinking skills, decision-making abilities, and creativity.

The business education standards, although listed in a specific subject area, are not intended to be segregated by courses. Certain standards from a single subject area can be integrated into several courses. In addition, a particular course may incorporate standards statements from several content areas (e.g., information systems, communications, international business, etc.).
APPENDIX 5.14.

LIST OF RESOURCES
1. Published Sources


2. Unpublished Sources


3. Websites

- Center for Nations in Transition, Hubert H. Humphrey Institute for Public Affairs, University of Minnesota: www.hhh.umn.edu/centers/cnt/
- The Consortium for Enhancement of Ukrainian Management Education: www.ceume.kiev.ua
- European Foundation for Management Development: www.efmd.be
- University of St. Thomas: www.stthomas.edu
- University of Warmia and Mazury, Olsztyn, Faculty of Management and Business Administration: www.uwm.edu.pl
- Warsaw School of Economics: www.sgh.waw.pl