

Report of Scientific Advisory Board

Visit to Aalto-ECON

February 2012

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1 Scientific Advisory Board: Terms of Reference

Purpose of the evaluation

- To provide a critical evaluation of the strategic plans and goals of the School and its departments (and, in subsequent reports, a critical evaluation of the implementation and effectiveness of the plans).
- To assess the academic quality of the research achievements, scientific and societal visibility, research environment and future potential of the departments.

The evaluations described above are done in order:

- To support and encourage the departments in their activities
- To support the Dean in managing and developing the School and in revising and sharpening the School's strategic plans.
- To provide the President with tools for developing the whole University.

The reports are utilised by the Aalto University Board in preparing and revising the Aalto University Strategy and in negotiations with the Ministry of Education and Culture.

2 Scientific Advisory Board Members

Cornelissen Joep, Professor, VU University Amsterdam, Netherlands

Fischer Eileen, Professor, York University, Canada

Honkapohja Seppo, Professor, Member of Governing Board, Bank of Finland

MacDonald Stuart, Professor, University of Sheffield, United Kingdom

Moskowitz Herbert, Professor, Purdue University, USA

Myers Michael, Professor, University of Auckland, New Zealand (Chair)

Ruckes Martin, Professor, Karlsruhe Institute of Technology, Germany

Siitonen Jussi, Chief Financial Officer, Amer Sports, Finland

3 Preamble

The Aalto University School of Economics (formerly Helsinki School of Economics) has developed an international reputation since its inception over 100 years ago. Aalto University was created from a merger of three universities in Finland, the Helsinki School of Economics, the University of Arts and Design and the Helsinki University of Technology in response to a new environment of globalization and competition. The integration of the physical, social, and artistic sciences resulting from this merger presents challenges as well as opportunities, demanding not only outstanding performance in each of the three areas, but also in the interfaces between them. The new university structure mandates new ways of working, including increased multidisciplinary collaboration and partnerships in research, teaching and societal impact.

An external Scientific Advisory Board (SAB) has been established to facilitate the transition of the School of Economics into this new university structure. The SAB was provided with documents regarding this merger and spent three days in February 2012 listening to managers, faculty, and students in order to learn about this watershed amalgamation. This report is based on the initial visit of the SAB and presents its observations and recommendations.

The members of the SAB have been shown every courtesy during their visit to the School and have been afforded much support. In just three days they have spoken to many dozens of people in the School, from the most senior to the very junior.

In brief, we endorse the goal of the Aalto University School of Economics to become a world-class business school by 2020. We believe that the Aalto School of Economics has:

- A very good academic environment, fine faculty and students.
- Excellent links with the business community, government and universities abroad, all of which provide the sort of access and support that would be the envy of business schools elsewhere.
- Very good alumni who seem able and willing to be supportive.
- A healthy, positive attitude to change.
- A desire for achieving world-class pre-eminence.
- A new dean who is taking an active role in listening to faculty, thus supporting the evolutionary process of transitioning to the new university structure.

4 Issues and Recommendations

- 1. Branding.** An issue for the school is how to gain greater visibility outside Finland and how to ensure that the international community understands the locus and the caliber of business education and research at Aalto. There is a feeling among a number of stakeholders that something – in particular international reputation - was lost when the word “Helsinki” was dropped from the name of the School of Economics. If a name change is being contemplated, re-introducing the word “Helsinki” might be considered. Moving away from the term “School of Economics” to “School of Business” might result in further loss of the widespread brand awareness and the favorable brand associations that still exist for the Helsinki School of Economics. If it were possible to brand the school as the Helsinki School of Economics at Aalto University it might capitalize on the brand equity that still persists.

However, we recognize that a deliberate decision was made to move away from associating the University and its schools strictly with Helsinki, in part because not all activities of the schools are geographically located in Helsinki. Assuming, therefore, that the preference is to move forward with a new identity, then choosing the name “Aalto School of Business” or something similar makes sense. This option has several advantages, such as signaling that the school is indeed a full-range business school and not just a school of economics.

Other issues related to branding arise from the fact that the school of business aspires to be regarded as among the top such institutions in the world, yet as a school within Aalto University it also is informed by Finnish values, such as egalitarianism. The school must consider whether it wishes to forge a unique Finnish identity relative to other business schools. This may mean that tensions will arise, such as when considering how to attract top faculty and whether to pay differentially higher salaries (and/or to provide other benefits) in order to do so. While we cannot make a recommendation about how such tradeoffs be made, we want to flag that they should be anticipated and addressed in advance.

Another opportunity for creating a new distinctive brand is to increase emphasis upon and take greater advantage of the other component schools at Aalto University. Currently there is little that distinguishes the business school in terms of curricula, with the exception of the IDBM and Creative Sustainability programs. Going forward, further unique curricular initiatives in collaboration with the other schools could form the basis for a unique and valuable differentiation.

- 2. Departmental identity and direction** – Currently, there is considerable unevenness in the extent to which departments have a coherent identity, a sense of their research focus, and a belief that they can thrive under the new publishing criteria. Ideally, it will help if each department can

develop a short list (not more than 3 or 4) of areas that define the distinctive research strengths they have or seek to build. (We note that several departments have already successfully done this.) These lists should not be viewed as restrictive but rather as enabling; they can and should be updated as changes in the research foci of departments evolve. The benefit of developing and updating these lists is for communicating to external stakeholders what makes the School unique relative to other business schools, thus further contributing to brand building. This exercise will also be useful for guiding departments in terms of recruiting new colleagues who can support and expand on their key areas of strength.

We also note that departments without a clear sense of research direction and a conviction that they can achieve the research quality that is expected seem to lack strong leadership. Thus we recommend that departments that lack a sense of identity and capability may need to hire senior scholars who can provide leadership. In some cases, it may be necessary to consider whether departments are too large and disparate in their composition and whether further reconfiguration into separate, more coherent departments is required.

3. **Performance Expectations.** Currently, there is ambiguity for some faculty about what is expected of them and what will constitute “good” or “exceptional” performance. We recommend that the School’s top management team, in collaboration with departments, develop a document that clearly specifies expectations of faculty, in terms of teaching, research, and service. This document should outline in general terms, and illustrate with examples, tenure standards and standards for promotion. It is possible that expectations could vary in some respects by discipline and across departments (e.g. there may be some differences in what each discipline regards as their top journals). Also, there may be a need to recognize that not every faculty member will succeed by having an equal emphasis on teaching and research. We suggest that the performance expectations documents be revisited in not more than five years’ time as it may be that, consistent with the goals of the school, performance expectations will increase over time.
4. **Scale.** Given the aspiration to be a world-class business school, it will be necessary to expand the absolute number of tenure-stream faculty. We recommend benchmarking against other business schools to which Aalto aspires to be compared. This exercise will help with identifying the appropriate numbers and critical mass of faculty members required to constitute thriving research units.
5. **Teaching load.** Related to but separate from the issues of performance expectations and scale is the issue of a lack of clarity regarding normal teaching loads. We recommend that teaching loads should be explicitly specified and that there be clear criteria for allocating the number of contact hours per year that are normally expected of each faculty

member. This will not only address some of the ambiguity about performance expectations but will also help with recruiting as prospective faculty members will be able to benchmark their teaching loads against those that exist at other business schools.

6. **Centers.** It is unclear that the centers (CEMAT, CKIR, PYK), as they are currently configured and functioning are adding sufficient value to the school's ability to achieve its goal of being among the best world-wide. We therefore recommend that, for each center, the school go through an exercise of deciding whether it should continue to exist as a separate unit within the business school, whether its components should be reallocated into other units within Aalto University, and whether all the activities that are currently undertaken within the center should continue to be pursued. The decision in each case should hinge on whether a center has strategies and incentives for involving more faculty members and whether, in its current configuration, a center is contributing to the research, teaching and service missions of the school. It will be necessary to develop metrics to assess the performance of the centers on all dimensions, including research, teaching, and positively impacting society.
7. **Language unit.** Currently, there is a large language-teaching unit that is part of the Department of Communications. While there is and will continue to be a need for a language unit that provides teaching services to business school students, it is unclear that a unit with this restricted focus should necessarily be part of any particular academic department within the business school. If the School decides to outsource this unit, it is important however that careful consideration is given to protect the promising research program of the Communication research unit and its Master's program.
8. **Continuity.** In some of the higher performing departments, there is concern for ensuring continuity of those factors that contribute to high performance. For example, in those departments that will soon see key retirements, there is a need to act now to start the process of hiring new faculty who will contribute to sustaining departmental performance. Succession planning needs to be undertaken, and timely application of new resources may be necessary. As a second example, the Economics department benefits from being co-located with other similar departments from other universities, but there is concern amongst the members of the department regarding continuation of this co-location. This ambiguity should be resolved so that departmental members can know they will continue to enjoy the academic benefits of co-location.
9. **Doctoral program.** There appear to be opportunities for making adjustments to the doctoral program that will enhance its performance and thereby contribute to the performance of the school. First, there is unevenness in the extent to which students have global mindsets, by which we mean viewing it as vital to their own career prospects that they

seek to work outside Finland and gain exposure to and immersion in the academic cultures of other regions. We therefore recommend that all departments instill in their doctoral students an understanding that, even if they ultimately aspire to be considered for tenure track jobs at Aalto or elsewhere in Finland, they should plan to seek out international placements upon graduation. It should be regarded as rare if not impossible for any student trained at Aalto to be hired by Aalto until and unless they have worked for a significant period of time at an academic institution outside the country.

Second, when doctoral students are recruited and as they are being trained, it should be emphasized that the primary purpose of the PhD program at the business school is to train individuals to become scholars, not to produce individuals who will take jobs in industry. This means, among other things, that the top priority in the doctoral program should be placed on gaining the knowledge and skills required to publish in good academic journals, primarily by commencing at an early stage research projects that are targeted toward top journals. Teaching, although an important part of a doctoral student's training, will need to be de-emphasized relative to learning to perform scholarly research. Currently, there is much variability in the amount of teaching PhD students do, and some seem to do too much, and too early, including supervising Master's students. If PhD students are to finish in a timely manner, it will be necessary to limit how much teaching they do, and to restrict them from beginning to teach until all coursework has been completed and a thesis has been commenced.

10. Supporting multidisciplinary research and teaching. Some faculty members understand that multidisciplinary research and teaching are valued by Aalto. However, we were told that actually doing such multidisciplinary work is sometimes more difficult than it needs to be. This is in part due to lack of easy access to information about what faculty in other schools are doing. In other cases it is due to bureaucratic hurdles. We recommend improving access to information about the teaching and research activities in other departments and other schools in the university (see the point below about the Aalto website), and identifying and reducing specific bureaucratic impediments. Regarding multi-disciplinarity, we also note that not all departments seemed equally concerned with pursuing this goal. Some explicitly noted that monodisciplinarity was more consistent with what is required to publish in top tier (e.g. FT 45 list) journals. We recognize this, and do not wish to imply that multi-disciplinarity need be the goal of every researcher or department. Rather, we only suggest helping those whose research naturally leads in such a direction and/or seek to pursue it.

11. Communication via the Aalto website. There appear to be opportunities to improve on this crucial communication tool that is used by both internal and external stakeholders. The Aalto website is currently less than ideal in terms of what it conveys to those who are

trying to learn about the school. As a specific example, it seems that no explicit mention is made on either the main page or the “for prospective students” page of the fact that students can complete their studies in English. This may limit the internationalization of the student body and the attractiveness of the business school to international faculty. We also note that not all faculty members have personal web pages describing their research and teaching. As another specific example, the website could be further refined so as to make the course offerings and schedules in other schools more obvious to students enrolled in the business school and vice versa. This would help those students interested in taking advantage of courses in other Aalto schools.

12. MBA program. Consideration is being given to the launch of a full-time MBA program. However, enrollments in MBA programs appear to be declining in Europe and the USA, while specialist Masters programs are growing. Hence it is not clear to us whether a full-time MBA program would be viable at Aalto, beyond the part-time and executive MBA programs currently provided by Aalto Executive Education. If such a program were to be offered it would need to be differentiated in some way from the existing program and other programs elsewhere.

5 Closing Remarks

The stated goal of Aalto University is to be one of the leading institutions in the world, renowned for the research and education conducted in each of the specialized disciplines that comprise the University. In accordance with these aims, the goal of the Aalto University School of Economics is to become a world-class business school by 2020. We, the members of the Scientific Advisory Board, endorse this goal. Thus our recommendations have been directed toward refining the strategies and tactics that will be implemented in order to achieve success.

The school clearly has the intellectual capital, tradition of excellence, history of accomplishment, and determination to achieve world-class pre-eminence. This challenge and opportunity will require creativity, collaboration, and new work systems to integrate different institutional cultures, as well as expanded perspectives beyond intellectual and geographical boundaries. Expertise in a given discipline however may not be sufficient, as focusing on the disciplinary interfaces will also be essential to achieve the desired synergy. Perhaps the greatest challenge is to instill and internalize a mindset with appropriate mechanisms for anticipating and responding to change. This is critical in today's dynamic, globally competitive environment. As an initial step in the transition process, it would be constructive to share the outcomes of the various SAB deliberations across schools to identify common issues as well as differences in this quest for achieving world-class pre-eminence.

In summary, we found that many of the strategic initiatives already in place are well suited to achieving the stated goals. However, we trust that the issues we have identified and the recommendations made will help to strengthen the School's progress toward becoming, and being recognized as, a world-class business school. There is a need to strengthen and support high-quality research, to recruit scholars of international repute, and to internationalize the faculty and student body. We are confident that, with the strong support of the President of the university and the Aalto University Board, the School's vision of becoming a leading business school of international standing is achievable.

6 Attachments

- a. Scientific Advisory Board Final Program

**SAB VISIT TO THE AALTO UNIVERSITY SCHOOL OF ECONOMICS, HELSINKI,
FEBRUARY 6-8 2012**
**Monday February 6, 2012 Main building, Runeberginkatu 14-16, room
P/A-153**

0830	Director Tuija Nikko will pick up the SAB members from the Radisson Blu Royal	
0900-0930	Introduction to Aalto University and the Finnish Higher Education System	Ritva Dammert, Director, Development of Research and Instruction, Aalto University
0930-1130	Introduction to Aalto ECON Strategy	Dean Ingmar Björkman, Vice Dean Rebecca Piekkari, Vice Dean Arto Lindblom (Skype)
1130-1200	Reflections on the School, its strategy and vision	Prof Jyrki Wallenius, former Dean
1200-1300	Working lunch with Board members of the Foundation of the Helsinki School of Economics: Kari Jordan, President and CEO, Metsäliitto Group; Matti Vuoria, President and CEO, Varma Insurance Co; Arto Hiltunen, former CEO, SOK Corporation; Tiina Mattila-Sandholm, Executive Vice President, Valio Ltd; Matti Lehti, Chancellor, former President and CEO, Tieto Corporation	Ingmar Björkman, Dean Rebecca Piekkari, Vice Dean for Research and International Relations
	Parallel discussions with department heads and faculty (SAB members divide themselves into 2 groups of four)	
1300-1430	Track I (Room P/A-153)	Track II (Room P/C-238)
	Department of Management and IB Dept. Head, Prof. Kari Lilja, Prof. Paula Kyrö, Prof. Asta Salmi, Prof. Robin Gustafsson, Prof. Janne Tienari, Prof. Minna Halme, Prof. Markku Salimäki, Dr. Antti Ruotoistenmäki (Research Support)	Department of Finance Dept. Head , Prof. Matti Suominen, Prof. Matti Keloharju, Prof. Vesa Puttonen, Associate Prof. Sami Torstila, Director (Graduate School of Finance) Mikko Leppämäki , Director Ritva Dammert
	4 SAB Professors	4 SAB Professors
1430-1500	COFFEE	Dean, dept. heads, faculty, SAB professors
1500-1630	Track I	Track II
	Department of Marketing Dept. Head, Prof. Henrikki Tikkainen, Assistant Prof. Jaakko Aspara , Assistant Prof. Alexandre Schwob, Dr. Antti Ruotoistenmäki	Department of Accounting Dept. Head, Prof. Matti Rudanko, Prof. Teemu Malmi, Director Ritva Dammert
	4 SAB Professors	4 SAB Professors
1630-1800	SAB internal discussion	
1900-	DINNER, restaurant Torni, Yrjönkatu 26, Helsinki	Dean Ingmar Björkman, Vice Dean Rebecca Piekkari, Dr. Minna Hiilios (Aalto University Executive Education), Director, Dr. Pekka Mattila (Aalto University Executive Education)

Tuesday February 7, 2012 Main building, rooms P/A-153 and P/C-238

0830-1000	Track I (Room P/A-153)	Track II (Room P/C-238)
	Department of Communication Prof. Leena Louhiala-Salminen, Prof. Eija Ventola, MSD Program Director Marja-Liisa Kuronen, Senior University Lecturers Pasi Puranen, Anne Kankaanranta, and Pekka Pälli. Dr. Antti Ruotoistenmäki	Department of Service and Information Technology Prof. Jyrki Wallenius, Prof. Pekka Korhonen, Prof. Markku Kuula, Associate Prof. Matti Rossi. Director Ritva Dammert
	4 SAB Professors	4 SAB Professors
1000-1030	COFFEE BREAK	
1030-1200	Track I	Track II
	Institutes: CEMAT (Center for Markets in Transition), Director, Prof. Riitta Kosonen CKIR (Center for Knowledge and Innovation Research) Deputy Director, Dr. Petra Turkama, Director of Research, Dr. Niklas Ravaja, Project Manager, Dr. Sampo Tukiainen, Researcher Mikko Salminen PYK (Small Business Center), Director Pentti Mustalampi, Prof. Markku Virtanen, Entrepreneurship; Anne Gustafsson-Pesonen, Training and Development Programs; Jari Handelberg, R&D&I Projects. Dr. Antti Ruotoistenmäki	Department of Economics Prof. Pertti Haaparanta, Prof. Pekka Ilmakunnas, Prof. Juuso Välimäki. Director Ritva Dammert
	4 SAB Professors	4 SAB Professors
1200-1300	LUNCH	
1300-1400	PhD students Kirsti Iivonen, Outi Somervuori, Antti Vassinen, Elina Koivisto, Suvi Vasama, Antti Lehtoranta, Antti Miihkinen, Eeva-Lotta Apajalahti, Jenny Rinkinen, Iiris Hilvo. Director Ritva Dammert	Junior faculty Dr. Rita Järventie-Thesleff, Dr. Pekka Malo, Dr. Jaakko Aspara , PhD Alexandre Schwob, Professor Marko Terviö, Assist. Professor Karolin Kirschenmann, PhD Jari Huikku, Dr. Hannu Hänninen. Dr. Antti Ruotoistenmäki
1400-1500	BSc students Lauri Heiliö, Alexei Gloukhovtsev, Juuso Konttila, Boris Kaakkunen, Jaakko Laukia, Julius Hurri, Petra Airas. Director Ritva Dammert	MSc students: IDBM, CEMS and other Jussi Herlin, Yali Wu, Anastasia Seregina, Mikko Hietikko, Kalle Ylikoski, Hanna Mäkipää, Mira Ylén, Rilana Riikkinen, Thomas Abrell. Dr. Antti Ruotoistenmäki
1500-1800	COFFEE and SAB internal discussion	
1900-	DINNER, SAB members only, restaurant Troikka, Caloniuksenkatu 3, 00100 Helsinki	

Wednesday February 8, 2012 Main building, room P/A-153 or Dean's room P/A-136

0900-1100	SAB internal discussion	
1100-1230	Debriefing to the School team	Dean Ingmar Björkman, Vice Dean Rebecca Piekkari, Director Ritva Dammert