

The State of Caucasus School of Business (CSB)

By

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Georgia State University (GSU), Atlanta, USA in partnership with the Consortium of Georgian Universities, Tbilisi, Georgia is Developing MBA and BBA Programs and Faculty Capabilities at CSB. The Project is Funded by the Eurasia Foundation and the Department of State Bureau of Cultural Affairs.

The Project

The main purpose was to establish a program for training a new generation of managers to assist Georgia's transition from a planned economy to a free market economy. The program would serve not only Georgia but also the Transcaucasus region and the neighboring countries. The partnership between Robinson College of Business (RCB), Georgia State University (GSU) and the Consortium of Georgian Universities (CGU) would design and implement a Master of Business Administration (MBA) and Bachelor of Business Administration (BBA) and Management Development Programs (MDP), develop and train the faculty and top level administrators, and establish modern library, computer laboratory, and communication and audiovisual facilities. To achieve these objectives, the Robinson College of Business at GSU was expected to:

- a) Establish long lasting partnership with CGU.
- b) Assist CGU in designing, developing and implementing a high quality MBA and BBA program based on the American model, which would meet accreditation and worldwide standards in the future.
- c) Train CGU faculty in designing, conducting and delivering new courses in the area of Business Administration.
- d) Help CGU in developing and implementing business administration outreach programs as well as a Management Development Program (MDP) for training Georgian business practitioners in American business methods.
- e) Help CGU to design and implement the administrative structure of the Caucasus Business School.
- f) Help CGU to establish the necessary library, computer lab, Internet, and audiovisual facilities.
- g) Internationalize RCB faculty through collaborative teaching and research in the Transcaucasus.

Members of the consortium had agreed to establish one school of business as a separate entity. The school would enjoy the benefits of governmental institution through affiliation with the three state universities. However, the school would be independent and free to make its own decisions on academic, administrative, and financial matters. The members of the consortium would specialize in different areas (Tbilisi State University- Finance/Accounting and Health Administration; Georgian Technical University- General Management Education and Management of Industrial Enterprises; Tbilisi State Institute of Economic Relations- Marketing

and Hospitality Administration). It was understood that members would supply faculty in their area of specialization to serve in the business school. Thereby the universities would get an additional benefit by transferring new knowledge to their traditional programs through the assigned faculty. The students could choose to get a state Diploma (MBA and BBA) from any one of the three member universities. It was envisioned that the Georgian school would enroll 80 MBA students in and 200 BBA students. All MBA and BBA entering students were required to have a working knowledge of English and computers.

The diplomas would contain a statement that the ***MBA PROGRAM WAS DEVELOPED IN PARTNERSHIP WITH GEORGIA STATE UNIVERSITY, USA.***

Milestones

Initial Activities (spring 1996):

Dr. Carl Patton, President of GSU, authorized Dr. Bijan Fazlollahi to visit Tbilisi and select potential partners. That same year, a three-person delegation of Georgian University administrators visited GSU in Atlanta. Subsequently, GSU developed consensus among three universities to build one business school. The Eurasia Foundation for the MBA program, and the Department of State for the BBA program provided the funding for the establishment of the school.

The Awarding of Grants (September 1998):

The Eurasia Foundation awarded a grant for the amount of \$314,552.
The Department of State awarded a grant for the amount of \$300,000.

Foundation of Caucasus School of Business (CSB) by CGU:

The consortium created the Caucasus School of Business Administration. This is in fact the first implementation of American Business Administration education in Georgia.

The MBA program is patterned according to the flexible MBA program at GSU. GSU has considerable knowledge and experience in this area. Currently some 2,000 MBA students study in flexible MBA program in Atlanta. Flexible MBA allows practitioners, who are employed, to study for an MBA degree. The BBA program is also patterned after the GSU model. However the first two years of the program include specific courses relevant to Georgia such as history of Georgian and Georgian Language.

Initial Operational Planning (October 1998):

The Project Director visited Tbilisi, reviewed the charter of CSB, tuition policy, and financial projections. He explained the project and its administration, and the faculty development program in Atlanta and Tbilisi to local partners. He interviewed 30 prospective faculty members and selected the first group of faculty to visit Atlanta. The Project Director also prepared the first draft of the curriculum and evaluated the requirement for computers, audiovisual equipment, and software. Some textbooks and training software for GMAT and TOEFL were provided at the same time. He also discussed the organization of CSB, administrative and admission policies, and degree award with the Rectors of the three Universities and their representatives. Finally the establishment of CSB was announced in mass media.

Inauguration of CSB, Tbilisi, Republic of Georgia (October 1998):

The inauguration ceremonies were held in Tbilisi State University on October 14th, 1998. Representatives of Georgia State University, Atlanta, the Eurasia Foundation, the State

Department, Tbilisi State University, Georgian Technical University, and Tbilisi State Institute of Economic Relations attended. The Rectors of the consortium universities acknowledged the important significance of the creation of the new higher education unit in partnership with a US university. They acknowledged that RCB's MBA program ranked in the top 10 in the USA. They thanked GSU for helping them to realize the initiative of their three universities. They expressed hope that Georgian teachers trained in the USA will bring up a new generation of businessmen and economists.

Mr. Kenneth Yalowitz, Ambassador of the USA said the United States has always wanted to see Georgia and all the three countries of Caucasus develop democratic, peaceful, prosperous market economies. He emphasized that people well trained in business administrations and accounting will be critical to establishing the base of a market economy, in the Caucasus. He was delighted that the American Government, through the USIA and the Eurasia Foundation, is working to support this project. He said that GSU and the three of the most prominent Georgian institutions would create a wonderful synergy.

Admission of first group of Students and start of classes (April 1999):

The first MBA classes started on April 13, 1999 for a group of 13 students. Seven students paid tuition and the Ministry of Health sponsored six. The Georgian faculty taught six subjects. A GSU faculty member taught one subject.

Visits of Dr. Carl Patton, President of GSU, to Tbilisi (May 1999)

Dr. Carl Patton, President of Georgia State University, visited Tbilisi at the head of a delegation from GSU and Emory University. He met with President Shevernadze and Georgian Ministers as well as the American Ambassador. The visit helped gain support and generate publicity for the project. It also helped establish close relationship at the top level between GSU and local Georgian and American officials. A new agreement was signed between GSU and members of the consortium to expand the partnership.

Faculty and Administrator Development in Atlanta

A total of fourteen (14) Georgian Faculty and three (3) Administrators were trained in Atlanta for both the MBA and BBA projects. The development program requires auditing of courses and mentoring by GSU professors in the courses the visitor will teach upon return to Tbilisi. The Georgians developed their teaching and research skills and became familiar with the literature in their fields of specialization.

The first group (January- May 1999):

Three Georgian faculty members attended the faculty development program during the spring semester in Atlanta. They were Mzia Mikeladze, Mzia Tediashvili, and David Aslanishvili.

The second group (June- August 1999):

Four faculty members completed semester-long training program during the summer semester in Atlanta. Liana Stvilia, Marina Khazaradze, Ketevan Stvilia and Iakob Lekeveishvili.

The third group (August- December 1999):

Three faculty members completed semester-long training program during the fall semester in Atlanta. They were Timor Toronjadze, George Barkalaia, David Khatiashvili. Also during this period, two members of the Steering Board visited Atlanta and familiarized themselves with admission procedures, student evaluation, faculty evaluation, syllabus preparation, and placement. They were George Turkia and Nugzar Skhirtladze.

The fourth group (January – May 2000):

Three faculty members completed semester-long training program during the spring semester in Atlanta. They were Lili Bibilashvili, George Simongulashvili, Kartlos Kipiani.

The fifth group (January – May 2001):

One faculty member – David Tsiklauri completed a semester-long training program during the spring semester in Atlanta. One administrator – Dean Kakha Shengelia received administrative training during this period. He visited Georgia State University in Atlanta to learn administrative matters, where the Associate Dean and other Administrators mentored him. In particular he received assistance on how to involve the Georgian faculty in the academic affairs of the school, prepare strategic plan and action plans, and provide incentives for research. He also consulted with the admissions and computer services support departments.

Faculty and Administrator Development and Teaching in Tbilisi APRIL 1999- Dec 2000):

Five GSU Professors (Accounting, business law and ethics, and applied decision making, accounting and marketing) have taught in Tbilisi. Their general impressions are that the quality of students and their English language skills are satisfactory. Some think that the students lack sufficient critical thinking skills. They also report that some of the Georgian faculty require more training to develop adequate teaching skills in the assigned course. They also complained about insufficient number of textbooks.

The Director of MBA Admissions and Academic Assistance visited Tbilisi. She reviewed the application files of current MBA students, copies of English and quantitative admission tests, and drafts of the first CSB bulletin. She also met with the major administrators of the consortium. As a result of her observations she made specific recommendations on improving admissions, record keeping, bulletin and regulations. She also recommended additional English preparation courses and an orientation course for entering students.

Establishment of Library, Computer lab, Internet connection, and audiovisual equipment (April 1999- August 2000):

The library was established at the start of the project. Textbooks in limited amount have been purchased in Atlanta and sent to the library in accordance with the timetable for teaching courses. The library also holds teaching aids given to Georgian Instructors. The computer lab was established in three (3) large classrooms and equipped with networked upgraded computers and new computers. Internet was installed and is accessible on two computers. Internet use is restricted because of the high cost for usage.

Appointment of a New Dean (May 2000):

GSU was disappointed at the failure of the consortium to appoint a Dean at the start of the project. The consortium chose to manage the school with a three-person Steering Board, which was a prescription for disaster. Finally, the Board of Rectors authorized hiring of a Dean. The project director helped in preparing position description, announcement in newspapers, and conducting interviews. The new Dean was selected through a competitive process and appointed on May 15, 2000.

Adopting a new organizational structure (July 2000):

The Dean in consultation with the project director identified proper measures for administrative reforms. He proposed a new administrative structure, including new organizational chart and position descriptions, which were approved by the Board of Rectors.

Visit of Georgian rectors to Atlanta (December 2000):

Rectors Roin Metreveli and Ramaz Khurodze visited Atlanta. They were guests of President Patton. They visited distance learning and various other facilities as well as modern classrooms. They discussed new areas for cooperation with university officials.

Summary of accomplishments in relation to the goals of the project:

The partnership of GSU and consortium of Georgian Universities has made significant progress towards achieving its goals. Currently there are seventy- (75) students in the MBA program and 130 students in the BBA. The increase in enrolment has resulted from a substantial temporary decrease in tuition fees through granting of scholarships and increased advertising on local radio stations and newspapers. CSB plans to continue a revised scholarship program for another two years. The scholarship amount for the entering students is expected to reduce as the program gains reputation and enrolments are increased. Future scholarships will be based on academic merit. In spring 2001 we expect graduating classes for both the BBA and MBA programs.

The MBA curriculum has been designed and operationalized. American Faculty or Georgian Faculty who were trained in Atlanta have taught most of the courses.

The MBA Curriculum

Basic prerequisites courses: College Algebra, Basic Computer Skills, Communication Skills

Business prerequisites: Principles of Micro- and Macroeconomics, Business Statistics, Accounting, Finance

Required core courses: Organizational Behavior, Corporation Finance, Marketing Management, Operations Management, Managerial Economics, Management Accounting & Control, Information Technology for Management Support, Legal and Ethical environment of Business, International Business Environment, Strategic Management & International Strategy.

Electives for different concentrations: Each concentration required additional 5 courses

General MBA Concentration: Human Resources Management, Business Simulation and 3 Electives.

Finance/Accounting Concentration: Financial Management of Operations, The Financial System, Business Forecasting, International Finance, and Investment Analysis and Portfolio Management.

Health Administration Concentration: Health Policy and Ethics, Health and Hospital Economics, Administration of Health Care Institutions, Legal Environment of Health Care and Health Planning and Alternate Delivery Systems.

Hospitality Administration Concentration: Introduction to the Hospitality Industry, Hospitality Human Resource Management, Hospitality Service Marketing, Applied Hospitality Management Development and one more elective.

Marketing Concentration: Buyer Behavior, Business-to-Business Marketing, International Marketing, Strategic Marketing, and Marketing Research

The MBA program should to be completed in 4 semesters (45 credits where each course is 3 credit hours) for candidates who have completed business prerequisites and in 5 semesters

(57 credits) for candidates without the business prerequisites. Furthermore, exceptional students would be allowed to take one semester of their advanced course work at Georgia State University in the area of their specialization in Atlanta as transient students. As an incentive, maximum of two students per year would pay tuition at a reduced rate to GSU.

The BBA Curriculum

Lower-Division (Freshman/Sophomore) Years

Core Areas A through E.

Areas A through E of the Core Curriculum are designed to provide students with a wide array of courses as a means of gaining basic a general education in liberal arts.

Area A: Essential Skills (15 semester hours)

Academic Writing, English Composition I, English Composition II, Advanced English Composition, College Algebra

Area B: Institutional Options (6 semester hours)

Critical Thinking, Georgian Speech

Area C: Humanities and Fine Arts (9 semester hours)

Survey of History of Georgia, Survey of World History.

Area D: Sciences, Mathematics and Technology (6 semester hours)

Survey of Calculus, Discrete Mathematics.

Area E: Social Sciences (6 semester hours)

Introduction to Political Science, Introduction to General Psychology

Area F: Business Foundation (18 semester hours)

Principles of Accounting I, Principles of Accounting II, Principles of Macroeconomics, Principles of Microeconomics, The Environment of Business, Introduction to Computer-based Information Systems

Upper-division (Junior-Senior) Years

Area G through L:

Area G through J Courses of Curriculum are designed to provide students with fundamentals of business education and wide array of courses in one of the business majors.

Area G: Junior Business Core (18 semester hours)

Introduction to Business Statistics, Generalized Modeling Techniques with Applications, Corporation Finance, Management Concepts Theory and Practice, Basic Marketing, Introduction to International Business

Area H: Junior Communication Course (3 semester hours)

Managerial Communication.

Area J: Major Courses (24-30 semester hours)

Finance/Accounting

Fundamentals of Valuation, Financial Analysis and Introduction to Loan Structuring, Advanced Corporate Finance, Foundations in International Finance, The Financial System, Financial Management of Financial Services Firms, Global Portfolio Management, Intermediate Accounting I, Intermediate Accounting II

Marketing

Buyer Behavior, Marketing Research, Marketing Problems, Advertising, Distribution Management, Sales Management, Retailing, Business-to-Business Marketing, International Trade Management, Product Management

Management

Introduction to Organizational Behavior, Introduction to Human Resource Management, Operations Management, Compensation Administration, Operations Planning and Control, Production/Operations Strategy, Introduction to Organizational Communication, Small Business Management.

Area K: Business Administration Courses (9-15 semester hours).

Strategic Management, Small Business Management, End User Applications Programming, Essentials of Finance, Cost/Managerial Accounting, Distribution Management

The faculty development program has made impressive achievements. One can safely conclude that the Georgian faculty members are capable of teaching most of the core courses in the MBA program. Fourteen Georgian faculty members have been trained in Atlanta in semester long faculty development programs and received "Certificate of Achievement" indicating knowledge in specific courses. The training included both in- classroom instruction, on specific MBA courses as well as attendance in various seminars and programs on teaching and research. GSU faculty mentored the Georgian faculty in Atlanta and provided them with teaching material. Furthermore, GSU faculty members taught five courses in Tbilisi and in the process trained the Georgian faculty members. Additionally, the Georgian faculty members have gained experience through teaching MBA courses in Tbilisi over the past two years.

The program has made modest achievements in modernizing and improving the instructional facilities. The physical facilities of the MBA program are located at the Georgian Technical University and the BBA program is at Tbilisi State University. The facilities are in a state of disrepair and convey a feeling of decay like most facilities in the former Soviet Union. The school has made significant repairs to the rooms and furniture. Much more needs to be done. The classrooms are sufficient in number for the current activities. Each classroom holds about 35 students. Additional audiovisual facilities are needed.

The library has been established using some old shelves. The library holds the textbooks purchased from the grant funds as well as books donated by GSU faculty. A librarian manages the inventory of books using a simple inadequate homemade database. Textbooks are loaned to students during the course of the semester. However, textbooks are in short supply. A computer room with networked workstations and a slow speed Internet connection has been established. The computer room is used for instruction as well as student computer lab. However, the number of stations is inadequate to accommodate 80 MBA students and 200 BBA students. The Internet facility is primitive, slow, and expensive.

GSU faculty and administration participation in this project has been impressive. Five faculty members have taught in Tbilisi. Over 40 faculty members and administrators have mentored the Georgian faculty in Atlanta. Even the President and the top administration of GSU have traveled to Tbilisi at no cost to this project. Furthermore, GSU has hosted the Rectors of the consortium in Atlanta in December 2000. These activities have gained support for CSB from top levels of Georgian Government, have resulted in free publicity for the school, and have generated awareness, interest, and support at GSU. The GSU faculty and administration are now increasingly interested in matters dealing with the Transcaucasus, which should lead to more related research in collaboration with the Georgian faculty.

The program has faced many obstacles in the past two years. Fortunately most problems have been solved successfully. Appointment of the new dean resulted in many positive effects including improvement in the enrolment situation. The new Dean built a network of supporters for promoting the program and making internal reforms. In particular the school received

considerable backing from the American Embassy's Public Affairs section as well as the American Chamber of Commerce. The school developed relationships with the business community to promote the program. Improvement in enrolment has resulted from increased demand through increased promotion among the employees of the business community. Also potential students are beginning to realize the value of MBA as an avenue for employment and promotion in foreign and major domestic companies, improving chances to continue education in the United States, and improving business or political carriers.

Outreach

The project director arranged meetings for the Dean with Khazar University and Azerbaijan Oil Academy in Baku. The Georgian faculty in the area of accounting and finance are now capable of teaching the courses in the MBA and BBA program and may start teaching in Azerbaijan (in September 2001). A Management Development Program (MDP) for managers already in the workplace will be held in Borjomi, Georgia in April - May 2001. American Faculty members will conduct the Program. SIMQ business simulation will be used. CSB is planning to use the SIMQ business simulation software as a training simulator for all majors as well as for short management training courses. Currently only one specific course (Integrated Business Simulation) is delivered for Management concentration using SIMQ. GSU faculty developed SIMQ and used it for many years to train students and practitioners. In SIMQ ten "business teams" use the system to compete in a manufacturing industry.

The Future

The number one objective was to ensure the sustainability of the Caucasus School of Business after the grants are over. Approximately 80 enrolled paying students in the two-year MBA program and 400 in the four-year BBA program will ensure sustainability. CSB is very likely to reach these numbers, by next year.

The experience of the past two and a half years shows that the demand for Health Administration and Hospitality Management concentrations is not as large as predicted. This can be attributed to slow economic development of Georgia and lack of government resources to honor their commitment to support health administration students. As a result, CSB has decided to temporarily suspend both concentrations and offer an additional concentration in International Business. CSB is in the process of preparing the curriculum for International Business concentration and identifying appropriate faculty to teach it. This move requires training of additional faculty in Atlanta and purchase of additional textbooks in International business.

Delivering short-term training programs for various businesses in Georgia has been a small source of income for CSB. CSB believes that there is a growing market for training the employees of foreign and large local companies in areas of Marketing, Management, Finance and Accounting. However, design and delivery of short-term training programs must be tailored to the requirements of individual companies. CSB will need to design and develop a number of mini courses in various areas with instructional materials (most likely in Georgian) and combine them into short-term training programs according to the requirements of individual companies. Delivery of short-term training programs should improve ties with the business community, provide extra financial resources, and provide publicity to attract more MBA students. Moreover, CSB should increase its expertise by providing training in a real business context, preparing business plans, providing market research and consulting.

CSB is planning to gradually improve the research output of its faculty. They realize that CSB cannot achieve academic recognition and accreditation without credible research. They are determined to promote research and publications at CSB and encourage collaborations with researchers from western Universities. However, in order to make these wishes come true, CSB needs to adopt an effective strategy designed to encourage, reward, and facilitate faculty research with western faculty, which will only materialize after the Georgian faculty show that they are indeed capable of producing scholarly work. To prepare the Georgian researchers one could follow the model at School of Management (SOM) of St. Petersburg University. According to this model researchers compete for research grants funded by a funding agency. The internal grant committee evaluates the proposals and selects the winners. UC- Berkley reviews and approves the work of the grant committee and pays for the research. The research work is published in the SOM's working papers series. SOM hopes to conduct collaborative research with UC-Berkley faculty in the future. To establish research at CSB external funding is needed to support faculty research grants, publication of working paper series, subscription to scholarly journals in fields of research, and faculty travel to international conferences. CSB plans on encouraging the Georgian faculty to write business cases dealing with Georgia. They have also proposed to create a glossary of business term in Georgian in collaboration with Georgian Linguists.

Another area in need of immediate major improvement is access to Internet for faculty and students. The Internet facility at CSB is too slow and expensive. Consequently, Internet is practically unavailable to most students and faculty. However, access to a professional strength Internet is crucial for teaching, learning, and research. The installation of fast Internet system and access to distance learning systems will be a major force in the development of CSB. For example, GSU offers many of the MBA core courses on the Internet; however, CSB cannot take advantage of this resource at GSU. The Internet would allow more CSB faculty members, who may not have the opportunity to visit GSU, to take distance-learning course at GSU. Furthermore, with Internet facilities, GSU faculty can participate as guest lecturers in CSB classes without travelling to Tbilisi. With the Internet set up, even joint conference and seminars can be arranged despite geographic distance.

Additional computers for faculty and students are needed. It is necessary to buy several servers and a number of workstations to meet the new demand. Also, it is necessary to purchase/build software for administrative functions and the library. Currently all records are kept manually.

CSB is in the process of publishing a catalogue and several different brochures. The administrators of CSB have authored the catalogue and GSU experts have provided consultation.