

**PARTICIPATING IN REFORMING UNIVERSITIES:
ABSTRACTS PREPARED BY 2003-2004 VISITING SCHOLARS**

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October 13, 2004

PREFACE

The Research Program in Social and Organizational Learning at The George Washington University hosts visiting professors for periods of several months or an academic year. In the 2003-2004 academic year, the Research Program hosted 14 visiting professors. They were part of the Junior Faculty Development Program which is funded by the U.S. Department of State's Bureau of Educational and Cultural Affairs. These abstracts were prepared by professors and visiting scholars associated with the Research Program.

Abstract 1 was presented at the annual meeting of the Alliance of Universities for Democracy (AUDEM) in Pecs, Hungary, in November 2004. Abstract 2 was presented at the AUDEM conference in Vilnius, Lithuania, in November 2003. Abstract 3 was presented at the Systems, Thinking, Innovation, Quality and Entrepreneurship (STIQE) Conference in Maribor, Slovenia, in June 2004. Abstract 4 was presented at the conference of the International Project Management Association in Budapest, Hungary, in June 2004. Abstract 6 was presented at the European Meeting on Cybernetics and Systems Research (EMCSR) in Vienna, Austria, in April 2004. Abstract 7 was presented at the 12th Global Finance Conference in Las Vegas, NV, in April 2004.

Stuart A. Umpleby, Director
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IMPROVING THE PERFORMANCE OF UNIVERSITIES IN TRANSITIONAL ECONOMIES

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In the fall semester of 2003 we conducted a Participatory Strategic Planning exercise at The George Washington University with fourteen visiting scholars from the former Soviet Union and the former Yugoslavia. We also included by email over a hundred observers and participants around the world. We did this both to demonstrate the group facilitation methods called the Technology of Participation and to develop plans to guide the improvement of the home universities of the participants. The results suggest several directions for improving the home universities. The suggestions include internal reorganization; introduction of new university structures and services; increasing the efficiency of faculty, staff and students; and influencing the external environment. Using a Quality Improvement Priority Matrix as a new method of priorities ranking, the authors conclude: a) the external environment has a great influence on university performance and can make considerable improvements in a relatively short time; and b) small but permanent quality improvements receive more support from faculty and are easier for management to implement than large, rapid changes.

A COMPARISON OF PRIORITIES IN AN AMERICAN ACADEMIC DEPARTMENT AND A RUSSIAN ACADEMIC DEPARTMENT

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This paper discusses two surveys using a Quality Improvement Priority Matrix. A Quality Improvement Priority Matrix seeks to identify those features of an organization or a product or service that are rated high on importance but low on performance. The first survey collected responses from faculty members in the Department of Management Science at The George Washington University in Washington, DC, in May 2001. The second survey collected responses from faculty members in the Department of Management at Kazan State University in Kazan, Russia, in 2002. The study reveals and compares the challenges being faced by faculty members in the two countries.

Russians rated higher on both importance and performance the features concerned with incorporating department members in university and college life, social and recreational activities and a supportive department climate. More than American professors Russians believe it is important to cooperate with other professors in the department and with professors in other departments in the university. The Russian participants suggested adding to the list of characteristics (for the next survey) such categories as creativeness and initiative, since they are very important for quality improvement.

The individualistic approach in America universities helps them to pay more attention to the needs of each student, for example by offering a wide range of elective courses and respecting the interests of individual professors and researchers. American professors are supported with grants, research funds, travel money, etc. A high level of research activity, publications and conference presentations contributes to the quality of instruction. But American professors indicated that they would like for their system to be more cooperative. Russians chose the opposite direction – more individualism in their system. Russians say they need to give more respect to each individual's interests and needs.

**HIGH PERFORMING RESEARCH TEAMS:
THE CASE OF THE BIOLOGICAL COMPUTER LABORATORY**

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In the competitive global economy interest in research and innovation has increased. This paper provides a summary of the literature on how nations and businesses ensure that their research enterprises are effective; the studies of research networks among businesses, government agencies and universities; and the research on highly productive research teams.

The paper contains with a description of the Biological Computer Laboratory (BCL) at the University of Illinois, which operated from 1958 to 1975. BCL has lately been studied as an example of a very productive research center. In the describing the work at BCL the paper emphasizes the importance of taking an interdisciplinary approach, encouraging works of art and analogical reasoning, using many modes of learning, involving people at several levels of education, articulating a large and grand vision, supporting all contributions, arranging social activities, providing easy access to information, and simultaneously conducting research on practical methods, fundamental theories, and philosophical foundations.

The BCL approach to conferences was to use them not only to report research results but also to raise new questions, create new understandings and define new directions for research.

ENHANCING PROJECT MANAGEMENT EDUCATION THROUGH THE GLOBAL UNIVERSITY SYSTEM

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Project management educational programs and universities around the world constitute a significant resource for managerial, economic and social improvement. The rapid growth of project management applications, the exploding interest in project management education, and the end of authoritarian governments have led to greater freedom for universities and project management programs to innovate and to learn from each other. The global university system can be thought of as consisting of three parts – the universities themselves, their relations with their local communities, and their relations with other universities at home and abroad. Enhancing project management competencies and project performance, and the ensuing improvement in the welfare of people around the world requires sharing, modifying, and using methods and practices that have proven to be effective. Success in creating a global “knowledge society” in project management will be greatly facilitated by a well-functioning global university system.

The opportunities for collaboration among project management faculty members, students, programs, and universities are far greater now than just a few years ago. It will take time to learn how to make the best use of these opportunities. Conducting experiments and sharing the results widely is an approach quite compatible with the traditions of universities. As faculty members in project management programs at universities around the world interact more and learn from each other, the contributions that universities can make to their local, regional, national, and international communities will steadily increase.

This paper suggests strategies for improving the three aspects of the global university system and provides links to useful resources. It gives specific examples of cooperative efforts currently underway among project management educational programs in leading universities, describes opportunities and barriers, and suggests steps to enhance global project management education.

WHY ARE THE RICH RICH AND THE POOR POOR?

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Why are we so poor and they are so rich? This question has preoccupied economists from poor countries. The purpose of my research is to observe, explore and explain modern economic growth and development. Most of the research is an interplay between observation and theory.

In my work, which I am currently organizing in a book, I want to answer the question: How can people overcome a predatory environment to create a productive economy and a developing state which can offer a solid foundation for the creative activities of individuals? My goal is to write a book presenting a general economic framework to help everyone understand the process of economic development. Only by improving the welfare of people is further development possible. Fundamental reforms that shift values and incentives away from the destruction and diversion of resources are needed to make progress, especially in transitional countries. Making these changes will be a long and difficult journey for countries in south-eastern Europe. But the changes are necessary in order for them to be integrated into the European Union.

FOUR METHODS FOR DESCRIBING SYSTEMS WITH EXAMPLES OF HOW MANAGEMENT IS CHANGING IN THE U.S. AND RUSSIA

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The various disciplines have adopted different methods for describing systems. Some disciplines describe systems as sets of interrelated variables (e.g., physics, economics). Some disciplines describe the behavior of a system in terms of a sequence of events (e.g., history, computer science). Some disciplines look at systems as collections of groups (e.g., political science, sociology). Some disciplines focus on ideas that influence behavior (e.g., psychology, cultural anthropology). When dealing with a complex system, all of these methods can be used to create a richer description of the system of interest. Furthermore, the process of change and development can be viewed as a cycle of generating new ideas, forming groups to promote the ideas, organizing events such as new legislation to implement the ideas, measuring variables to monitor the effects of the legislation and then formulating additional new ideas. This paper provides two illustrative cases. The first case is the adoption of quality improvement methods by managers in the U.S. The second case is the change in management methods in Russia following the breakup of the Soviet Union.

DOES PUBLICITY INFLUENCE THE VOLATILITY OF FINANCIAL ASSETS?

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Volatility is one of the important aspects of financial asset returns. It shows the variability of financial asset returns and is commonly used in measuring investment risk. Because uncertainty and/or risk play a crucial role in finance, volatility of returns has been widely studied in both theoretical and practical ways.

While there is no doubt of the importance of taking volatility into account, there are still discussions about its origins. For example, Rubinstein [1975] and Milgrom and Stokey [1985] refer to differences in information that cause prices to change. In contrast, Black [1985] says noise is the main source of volatility in almost any economic system, including financial markets.

Using a noise trader approach to finance described in Shleifer and Summers (1990), we consider a market with two types of traders. Sophisticated traders or information traders are those who have special information and are fully rational in acting on it. Noise traders or pseudo information traders are those who believe they have some special information, but they do not.

Following De Long, Shleifer, Summers and Waldmann (1990) we consider and empirically test an asset market model with the two types of trader described above, where a noise trader's misperception in time t is modelled by the normal random variable

$$\rho_t \sim IID(\rho^*, \sigma_\rho^2),$$

where ρ^* indicates the average behavior of noise traders. Negative and positive ρ^* represent bear and bull speculation respectively. The model allows asset prices to deviate from fundamental values considerably, even without fundamental risk, and the source of such deviations depends essentially on the number of noise traders.

Using results from the seminal book by Shiller (1989) as a proxy for the number of noise traders, we consider the effect of publicity measured by number of publicly available news releases. The amount of available information causes the number of noise traders to change, and because of the unpredictability of noise traders that implies changes in the price and riskiness of assets.

There are many studies on the influence of public information on the volatility of financial asset returns. French and Roll (1986) find that most return volatility comes within the trading day and explain this due to: public information (greater during trading hours), private information (extensively generated by informed investors during trading) and pricing errors (increased volatility). Thompson, Olsen and Dietrich (1987) studied a database of announcements related to companies listed in the New York Stock Exchange and the American Stock Exchange. They show that larger firms receive greater coverage. Also, they find that the number of announcements varies across days of the week and months of the year. Mitchell and

Mulherin (1992) and Berry and Howe (1994) used the number of news items released by Dow Jones & Company and Reuter's News Service, respectively, as proxies for public information arrivals. These studies show that such proxies explain only a very small fraction of the variation in stock price volatility.

In our study we use the weekly data on prices and number of news releases available at the Lexis-Nexis Academic web site for 16 selected components of the S&P500. Lexis-Nexis provides business and finance information using 622 news sources that represent almost all available national and international sources of such information. Available data support previous findings that the number of company specific news releases varies across weeks. We find that there are fewer news releases compared to the average in the weeks with public holidays.

As a first step we derived estimates of the conditional risk of returns for chosen components of the S&P500. We fitted an MA(1)-GARCH(1,1) model

$$r_{i,t} = c_i + \varepsilon_{i,t} + d_i \varepsilon_{i,t-1}$$

$$\sigma_{i,t}^2 = \alpha_{0i} + \alpha_{1i} \varepsilon_{i,t-1}^2 + \beta_{1i} \sigma_{i,t-1}^2$$

to the returns $r_{i,t} = p_{i,t} - p_{i,t-1}$, where $p_{i,t}$ are logs of stock prices of an i -th company at the moment t and took heteroscedastic standard deviations of innovations $\varepsilon_{i,t}$ as a measure of conditional risk.

As a second step we estimated the panel regression from the model similar to one in De Long, et al. (1990). This allowed us to estimate the measures of the average noise trader's misperception ρ^* and σ_ρ^2 .

The main results obtained are summarized in the following statements:

- Conditional volatility and publicity do not show a significant relationship.
- The average noise trader's misperception ρ^* does not significantly differ from zero, however, $\rho^* > 0$ in the period of market growth and $\rho^* < 0$ in the period of market fall.
- On average the dispersion of a noise trader's misperception σ_ρ^2 is greater in the period of market fall.

IMPROVING PROFESSIONAL AND SOCIAL COUNSELING OF HIGH SCHOOL STUDENTS IN RUSSIA

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One of the most important social and educational problems in contemporary Russia is the training of a new generation of workers. Russia needs people who choose their future profession consciously, having not only deep professional knowledge and skills, but also the necessary personal qualities for adaptation in the social and professional environment. The general humanization of the educational process, keeping in the foreground the person with his or her interests, possibilities and aspirations, enables a real choice of work and place in life. This problem becomes especially urgent in the context of the modernization of Russian education.

A clear understanding of professional and social counseling and its place in the system of modern education is especially acute in Russia for the following reasons: requirements for jobs are becoming higher; future jobs will depend on the conditions of a market economy; the probability of changing work during a person's life and the need to make numerous decisions about a trade continues during one's working life. Therefore, it is important to help students make the correct choice of a trade as soon as possible, on the basis of their knowledge about themselves and about the world.

S. T. Posohova points out, that adaptation is the process of self-disclosing by the individual, transforming changes in the environment into internal conditions for creation of new ways of interacting with the environment and with oneself. The main purpose of self-disclosing by the individual at the initial stage of adaptation consists in the preservation and development of one's own integrity. The problem of professional and social adaptation is especially acute in the adolescent years. D.V.Kolesov remarks, that morpho-functional features of an adolescent cause a decrease in functioning possibilities and a special susceptibility to adverse influences from the environment while the amount of academic work and the influence of social-psychological factors become more intensive in the teenage period. All these facts indicate that highly skilled specialists, able to estimate the interests and opportunities of each child, are needed to guide the choice of a future profession.

The modernization of Russian education in the period up to the year 2010, requires creating “systems of specialized preparation (profile training) in the senior classes of the comprehensive school focused on the individualization of training and socialization of students, including describing the requirements of the labor market ... the improvement of a flexible system of structures and cooperation of senior staff in a school with the institutions of primary, secondary and higher vocational training.”

Currently in Russia the choice of classes is fairly free. Influences are the desire of parents, the lack of the subject the student is interested in at school, the example of friends, etc. Present instruction contains practically no work on the improvement of the social-psychological

adaptation of pupils. This often leads to disappointment in the chosen trade and to difficulties in social adaptation. Unfortunately, in Russia there is practically no counseling in schools. So professional and social orientation is handled by school psychologists, social tutors and classroom teachers. As a result professional and social counseling in schools is conducted very poorly and inefficiently. Most frequently the school teachers do it.

G. K. Kislitsa and N. V. Chistokletova suggest that there is a need to create in Russia a school counseling service to promote the professional, mental and personal development of children. It should do several things: solve some of the problems connected with training and education of students; enhance the development of the individual; promote cooperation among schoolchildren and prepare them for personal and professional self-determination.

The research carried out by us (1994-2000), confirms that the introduction of a counseling service in a school makes the process of professional self-determination of schoolchildren more intensive and professional and social adaptation occurs more easily.

The important role of advisers in the life of students demands creation of a system of special training for such specialists. In our teacher-training institutes and universities there are practically no courses on the counseling activity (except in some psychology departments). There are only some attempts to consider these phenomena within the framework of elective courses. For example, in the Smolensk State Teacher-Training University we deliver an elective course of lectures "Professional Counseling: Theory and Practice." Basic attention should be paid to improving knowledge in the fields of theory of education, psychology, sociology and practical work on studying pupils.

The main task in reforming Russian education is to create a system of educational and professional counseling within the framework of the school, directed at helping students to find their strengths and interests, to overcome the difficulties arising during training and to choose on optimum variant of study and work. In our opinion, all parts of a school need to be united around the student's search for a professional calling and the construction of a career. A professional and social choice should be the result of a dynamic process, not an isolated decision. This means that professional and social counseling should be part of all study, and profile training should guarantee that the student realizes himself or herself through his or her choice of a profession. Only under these conditions will professional and social adaptation of the individual be successful.

THE TRANSITION TO WESTERN ACADEMIC PATTERNS IN EASTERN EUROPE

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Higher education in Eastern Europe is currently moving in the direction of Western practices, since Eastern Europe is no longer isolated politically, economically and socially. The challenges of this transformation are multiplied, because the notion of “western educational pattern” is very diverse and controversial. Along with educational reforms in Eastern Europe, as we can see from the Bologna process, Western Europe faces a need for a “widespread reform of existing educational systems in order to make European Higher Education more unified among member states and to facilitate greater movement of faculty and students across borders.”

This paper describes some of the features of current higher education in Eastern Europe: a prescribed curriculum; few written assignments; highly structured, nationwide examinations; formal, authoritarian, primarily lecture teaching styles; a large number of required courses each semester; lack of laboratory facilities and limited library collections. These conditions put Eastern European universities at a disadvantage relative to Western universities.