Business School Responses to the Global Crisis: The Case of Turkey

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CEEMAN Annual Conference
Riga, Latvia
24 September 2009
Response to survey a function of:

- International
- National
- Institutional
- Role
- Discipline
- Past Experiences
Turkey in the next ten years

• The world’s 17th and Europe’s 6th largest economy (REF, 2008).
• Yet only 63rd out of 134 countries in terms of competitiveness (GCR 2008).
• EU accession will mean new collaborators, new competitors, new sources for funding and new challenges.

• Turkey: An Emerging Economy Moving Towards full Membership to the EU. REF (SU Competitiveness Forum), 2008.
Turkish companies in the coming years

• Increased professionalization and internationalization will result in increased demand for management education:
  – Training—both within degree programs and executive education
  – Consulting
  – Research

• Current examples: Sabanci Holding (Future Forum, particularly Temsa), Borusan, Hedef Alliance, Garanti Bankasi, Anadolu Grubu…
Demographics of Turkey

Overall human capital & managerial talent is still too scarce

The most problematic factors for doing business

- Inefficient government bureaucracy: 13.5%
- Tax regulations: 12.1%
- Policy instability: 11.8%
- Access to financing: 9.6%
- Tax rates: 9.6%
- Inadequately educated workforce: 8.8%
- Inadequate supply of infrastructure: 7.7%
- Foreign currency regulations: 5.5%
- Inflation: 4.9%
- Corruption: 4.8%
- Government instability/coups: 4.2%
- Poor work ethic in national labor force: 3.2%
- Restrictive labor regulations: 2.4%
- Poor public health: 1.8%
- Crime and theft: 0.2%

Turkish Higher Education Space

• Gap between capacity and demand for higher education.
• This year close to 2 million students took the OSS, Turkish Central Placement Exam. Of those 1.5 million will not be able to attend university due to lack of capacity.
• As a result, many new entrants:
  – Public Universities  94
  – Foundation Universities  48
  – Total  142
Forecast change in competition between business schools within my home country

- Modestly increasing: 2.70%
- Steady state -- no change: 19.82%
- Modestly decreasing: 38.74%
- Significantly decreasing: 38.74%
Sabancı University
The creation process was long and inclusive

- July 1994: Resolution by Sabancı Holding Executive Board (VAKSA)
- August 1995: Search Conference with 52 participants from 22 countries & Formulation of “the Philosophy”
- September 1999: Start of Classes
Our Mission

is to develop competent and confident individuals, enriched with the ability to reflect critically and independently, having a strong sense of social responsibility;

and

to contribute to the development of science and technology, as well as disseminating the knowledge created to the benefit of the community.
Toward an Integrated & Sustainable Business Model

Research ↔ Education

Sabancı Üniversitesi

Business World & other Stakeholders
We are guided by our Philosophy
“Creating and Developing Together”

Key Words

- Student Focused
- Participative
- Responsible and Responsive
- Practice Relevance
- Developing science and technology, disseminating knowledge
- Interdisciplinary
- Self-Managing /
- Self-Sustaining
- Teamwork
- Local / Regional / Global
- Learning to Learn
We have Focused our Efforts on Three Faculties and the Foundations Development Program

Engineering and Natural Sciences
Prof. Albert Erkip

Arts and Social Sciences
Prof. Mehmet Bac

Management
Prof. Nakiye BOYACIGİLLER

Foundations Development Program
Prof. Ali ALPAR
Faculty of Management

Degrees

- BA in Management
- Master of Business Administration - MBA
- Executive MBA
- Master in Finance
- PhD in Management
Our distinguishing characteristics set us apart

- **Interdisciplinarity:** *No Academic Departments!*

- Opportunity for students to decide on their academic field at the end of sophomore year to choose the degree program and selecting the most appropriate field through:
  - Acquiring knowledge on different topics
  - Effective tutoring system

- **Foundations Development Program:**
  - School of Languages *(English, Turkish and other second foreign languages)*
  - University Courses
- Undergraduate: 2,899
  Graduate: 577
  Total: 3,466

- Students from all across TR

- Increasing numbers of intl students

- 25% on scholarships, the % is much higher amongst graduate students

- 60-40 Male/female mix
31% of our Alumni pursue graduate studies

Cornell University  University of Chicago
Northwestern University  Brown University  University of California
London School of Economics  Cambridge University  MIT
Koç University  Carnegie Mellon University
Max Planck Institute  Harvard University
University of Pittsburg  University of Minnesota
Bilkent University  Stanford University  Boğaziçi University
Sabancı University  Texas A&M University
54% of our Alumni pursue professional careers

- Garanti Technology
- Procter & Gamble
- Unilever
- Beksa
- TÜBİTAK
- KordSA
- Akbank
- Ford
- Borusan
- Coca-Cola
- Turkcell
- Siemens
- BriSA
- Garanti Bank
- Toyota
- Doğuş
- Efes Pilsen
- Deloitte
- börası

Start-up companies founded by SU Alumni in areas such as Information Technology, Software Development, and Advanced Materials, of which two are based abroad.
Research
Technopark Venture

- Opening Date: 20 December 2005
- Major Partners:
  - Gebze Industrial Zone (GOSB)
  - Tefen Technopark and Technology Development Inc., Israel
  - Sabancı University

Two start-ups established by our students are located at GOSB Technopark
Inovent

- Established with the purpose of commercializing IP developed at SU through licensing, start-ups and joint ventures
- Operations will include IP trading on a larger scale to include commercializing IP developed outside of SU
- Formal start of operations: January 2006
- Location: GOSB Technopark
Questions: CEEMAN Global Crisis Survey

• Competition
  – International
  – Domestic

• Institutional Longevity
  – Sponsor Commitment

• Financial Solvency
  – Tuition
  – Sponsor (Sabanci Foundation)
  – Research Funds (Intl/Domestic)
Change in competition between business schools within my home country due to crisis

- Significantly increasing: 1.90%
- Modestly increasing: 5.71%
- Steady state -- no change: 21.90%
- Modestly decreasing: 38.10%
- Significantly decreasing: 32.38%
Level of competition between business schools within my home country for past two years

- Modestly increasing: 3.48%
- Steady state -- no change: 17.39%
- Modestly decreasing: 46.09%
- Significantly decreasing: 33.04%
Change in competition between my business school and international business schools due to crisis

- **Significantly increasing**: 0.98%
- **Modestly increasing**: 5.88%
- **Steady state -- no change**: 39.22%
- **Modestly decreasing**: 30.39%
- **Significantly decreasing**: 23.53%
Conclusion: Competition

• Overall, business schools see themselves as weathering the crisis.
  – Change in competitive landscape factor?
  – Sabanci “star” in Turkish educational scene.
  – Applications up in almost all programs.
  – Yet, vibrant domestic market and new international entrants mean we must remain vigilant.
  – Great demand for quality higher education, but limited means to pay.
Increasing Applications

# of Applications (1999 - 2008)

- MBA
- EMBA
- ITM
- MiF
Turkish GMAT Takers

- Score 490-610

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MBA Pazarı – Konumumuz

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<th>Düşük Kaliteli</th>
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- Koç MBA süresi kısaldı (10 ay) ve program ücreti azaldı (30.000 YTL)
- Özyeğin MBA Bilkent gibi part-time olabilir ve ilk yıllar tüm öğrencilere burs verebilir

**TEHDİT:** Yüksek Kalite – Orta Maliyet segmentine öğrenci kaybı olabilir

- Sabancı MBA en kaliteli ve öğrenci için en maliyetli tek program kaldı

**FIRSAT:** Sabancı MBA’ın yüksek kaliteli
Conclusion: Tuition

- Tuition and tuition discount levels remain relatively constant (i.e., no change)
- Business schools are not using tuition discounting to drive enrollment
- Same at Sabanci.
Conclusion: Sponsors

• Sponsors seemed committed to their business schools
  – Increased support levels in response to crisis AND continued support is forecast for next year
  – Longer term – unclear. ABSOLUTELY CLEAR.
Conclusion: Marketing

• Program and institutional marketing expenses were trimmed before the crisis.
• Yet given our goal to internationalize, we need to increase those expenses.
  – Fairs
  – Travel
Conclusion

• Good news for full-time faculty hires: hiring plans remain fairly unchanged
  – Some schools will be modestly reducing full-time faculty hires
  – Sabanci has continued to grow, even if at lower levels.
## Full Time Faculty at Top Business Schools

**Europe-Top masters in management programmes 2008**

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**Top European Business Schools 2008**

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<tr>
<td>Iese Business School</td>
<td>98</td>
<td>48</td>
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Conclusion

• Generally good news for faculty funding for research: remains steady in spite of crisis
  – Some schools will experience increases in institutional research funding
  – Turkish spending for research has increased.
  – We have been very successful in winning EU 6\textsuperscript{th} and 7\textsuperscript{th} framework grants
  • Function of faculty caliber and RGP office
Conclusions from the Ceeman Global Crisis Study

• Business schools anticipate significant decreases in competition at both national and international levels.

• Raises question:
  – Consolidation?
  – Finding and defending niches?

• Yes, but it depends on your context.
New Questions? Comments?