

Annual Report 2005

Helsinki School of Economics

The annual report for 2005 of the Helsinki School of Economics (HSE) is only being published on the Internet. In addition to a review of operations and key figures, the annual report comprises information on the education and research activities of the Helsinki School of Economics, and the operation of our service units as well as co-operation between our various stakeholders. The annual report comprises moreover a review of the operations of the HSE Foundation in 2005.



The main building was finished in 1950 and it is a national protected building of contemporary architecture. A number of renowned architects and designers participated in the design of the building and its interiors, including Ilmari Tapiovaara, Olli Borg, Paavo Tynell, Aimo Tukiainen, Hugo Harmia and Woldemar Baeckman.

» [About the illustration of the annual report.](#)

Greetings from the Rector Eero O. Kasanen

New dimensions

The Helsinki School of Economics (HSE) is an institute rich in traditions. Our tradition signifies continuous renewal within the interaction between science and business. From the very beginning, we have been trendsetters in teaching and research on the Finnish economy.

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New Dimensions

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The Helsinki School of Economics (HSE) is an institute rich in traditions. Our tradition signifies continuous renewal within the interaction between science and business. From the very beginning, we have been trendsetters in teaching and research on the Finnish economy.

As a forerunner, the HSE has developed international scientific co-operation with leading universities, the export of management training to international markets, academic entrepreneurship training, and diverse alumni services.

The year 2005 saw a profound and comprehensive curriculum reform. All over Europe, universities are transferring to the two-tier degree system conforming to the Bologna process. The HSE too switched over to a three-year Bachelor's degree and a two-year Master's degree. At the same time, we leaned even further forward and moved on from the old discipline and supply-based thinking into multidisciplinary and demand-based degree programs.



The program-based approach is a new beginning for increasing co-operation with enterprises and responding to the demands of the students. In line with the model set by the international educational market, the programs are jointly planned by the teachers, recruiting enterprises and students in order to ensure that they correspond to the future demands of the business sector. The HSE is a modern and forward-looking developer of education services.

Our role as a developer has borne fruit even when assessed internationally. HSE students have the opportunity to complete a European top-quality Master's degree through the CEMS co-operation network. HSE's CEMS Master's degree program came third in the comparison of European Master's degree programs published by the Financial Times. CEMS is a network of 17 European universities and over 40 multinational enterprises.

The tradition of renewal continues. In 2006, we shall concentrate on the HSE strategy and co-operation network. Stay tuned.

Best wishes

A handwritten signature in black ink, which appears to read 'Eero O. Kasanen'.

Eero O. Kasanen
Rector

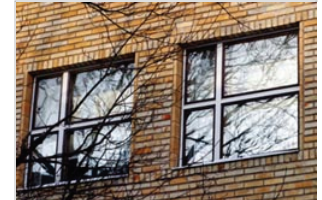
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Review of 2005

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Worldwide, the operating environment of the universities is changing significantly. The global competition between universities has stepped up. The operational prerequisites of universities have been improved in many countries, and the continuous development of the operating environment is essential also in Finland if we are to be among the winners in tough international competition.



The Helsinki School of Economics (HSE) responds to future challenges by renewing its strategy. The work began in spring 2005 and the representatives of various stakeholders participated actively in the strategy process. The new strategy will be completed early in 2006.

Four thematically based research focus areas have been set up in the strategy with their component research programs currently being compiled. The teaching strategy is based on the program-based degree reform. New policies are also being prepared for the societal service function.

PRODUCTIVE YEAR

The year 2005 was productive for the HSE. All the central operational objectives were achieved. The quality of research continued at the previous year's level when measured by the number of high-quality refereed international articles (approximately 75 articles in all). The HSE moreover succeeded in acquiring competitive funding. The trend was especially positive with regard to EU funding. Likewise, the funding from Tekes, the Finnish Funding Agency for Technology and Innovation, has developed positively in recent years. Even though a great deal of research funding was acquired from enterprises, much remains to be done with regard to co-operation with the business sector. Moreover, there are plenty of challenges in acquiring international research funding. The new HSE department, the Department of Business Technology, received a very high assessment in the National Centre of Excellence evaluation by the Academy of Finland.

The number of Doctorates awarded was exactly on target, 19. The quality of the Doctoral dissertations was excellent as evidenced by the first prize awarded to HSE postgraduate Mikko Syrjänen in the European Doctoral Programs Association in Management and Business Administration competition and six other recognitions. During the year, 10 postgraduates participated in international exchange programs at top universities (for example, Stanford, LSE, Oxford and UCLA).

The number of Master's degrees awarded was 379, while the target set was 380. The graduation rate is consistently among the very top of Finnish universities. There were 180 Bachelor's of Science (Econ) degrees, which is an indication that the objectives of the degree reform are well on their way to being realized. Particularly many Bachelor's degrees were awarded by the English-language degree program in Mikkeli.

In the field of societal service function, the management training services provided by the HSE were evaluated to be the best in Finland for the eighth year running in a survey carried out by Taloustutkimus Oy. Likewise, international operations, particularly in the Asian education markets, have been successful. Moreover, applied research activities progressed well.

The Small Business Center (SBC) celebrated its 25th anniversary with a flourish. During that time, over 30,000 persons have participated in its training programs. The activities of the SBC continued successfully both domestically and in St Petersburg and Estonia. The number of businesses operating in the business incubator New Business Center (NBC) is on average more than 30, and 10 new businesses were selected for the incubator center during the year.

The Open University reached its goals and the amount of teaching has already corresponded to 603 full-time students. A record 41 students successfully commenced their degree studies through the Open channel.

The library served the entire field of economics and enterprises throughout the country with mainly self-acquired resources and was by far the most efficient library measured by any indicator.

REFORMS CONTINUE

The HSE has answered the demands of the time also by developing its activities and organization. Both the degrees and the research activities are becoming program-based, the new division of departments has been implemented and the research administration has been reformed to be team based. The HSE has been a forerunner in developing electronic administration. This year saw the adoption of an electronic travel management system and a new facilities fee charging system. User management of the ICT systems and the development of the new portal have progressed well and provide the prerequisites for dynamic development of electronic services. The HSE is in charge of administering the extremely challenging joint PAVE service network project of the seven universities in the Helsinki metropolitan area. We are moreover active participants in a number of national development projects, for example in the fields of ICT and acquisitions.

At the end of the year, the halfway point of the five-year EQUIS quality accreditation term, the HSE provided an interim report to the European Foundation for Management Development (EFMD), in which it assessed the development of the university with regard to the key areas for development. The areas for development – program-based degree reform, the reform of the salary and incentive system and the development of the research management on the basis of the HSE Research concept – have all progressed well.

The staff have been under considerable strain due to several simultaneous wide-ranging reforms and the realization of operational targets has required extraordinary effort. The centrally led salary system reform has progressed well in our university.

The staff satisfaction survey gave an average result for government or university staff, which, considering the ongoing changes, can be considered a satisfactory result. The content of the work, work environment and atmosphere, and the image of the employer all received positive assessments in the survey. In addition to the salaries, which were assessed to be extremely low, other areas for development included questions pertaining to the flow of information, and support for personal development and management. The results of the survey are being utilized in the development work. The HSE has actively sought to reduce the number of fixed-term posts and they have been evaluated on a case-by-case basis in target negotiations.

The plans for the consolidation of the HSE's societal services in the Taivallahti area were abandoned and an alternative solution is sought. Permission was not granted to turn the NBC business incubator into a university company, so alternative solutions for developing it must be found.

For its part, the HSE has sought to promote the development of universities' autonomy, which would give the universities more room to maneuver in order to respond to the ever-more rigorous challenges of the coming years. Only operational freedom corresponding to the international competitive situation can create the prerequisites for responding swiftly enough to questions that arise, which are needed for improving the universities' ability to enhance their productivity further.

Esa Ahonen

Administrative Director

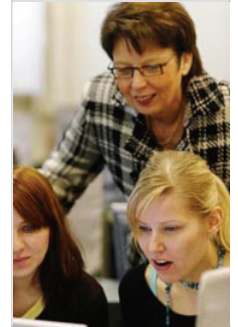
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Basic Studies

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On 1 August 2005, the Helsinki School of Economics (HSE) along with all the universities in Finland switched over to a two-tier degree structure as the degree reform affecting all educational fields came into force. The first cycle degree is the three-year Bachelor's degree while the two-year Master's degree is the second cycle degree. In most cases a student accepted for degree studies is still automatically entitled to study for a Master's degree.



In 2005, 127 students were awarded the diploma for having completed their Bachelor of Science (Economics and Business Administration) degree in the Helsinki unit, one of whom completed the degree according to the new Government decree on university degrees. The Mikkeli unit awarded 53 Bachelor's degrees. The Master of Science (Economics and Business Administration) degree was awarded to 379 students. The target set for 2005 was 380 Master's degrees.

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Program-based degree structure

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In the Helsinki School of Economics, the degrees conforming to the new degree structure are program based. The Bachelor's and Master's degree programs are target oriented, their contents are integrated and they are co-ordinated in time with clear learning and skills objectives.



The program-based degree structure aims at increasing the fluency, meaningfulness and orderliness of studies as well as enhancing their relevance to the labor markets.

In Helsinki, it is possible to complete a Bachelor's degree in five degree programs, of which one degree program and one specialization area are in English, and a Master's degree in 13 programs, four of which are in English. In addition, the Mikkeli unit has one Bachelor's and one Master's degree program. Additional Master's programs may be organized in Helsinki to cater for the increased training demand from the business world.

As part of the degree reform, the key components were analyzed and the number of credits were evaluated in the autumn term 2004 and the spring term 2005 in order to assess the contents and the workload of the study modules. All European universities will implement a new credit system, the ECTS (European Credit Transfer System), in which the basic unit, a credit, is calculated so that the annual amount of work per student is 1600 hours, which equals 60 credits.

The HSE board has decided that all the study units comprise 6 credits. A restructuring of the first-year studies (previously known as core courses) was carried out as part of the key component analysis, which gave rise to the Fundamentals of Business Knowledge study module. The first-year studies moreover include a module focusing on the development of study skills. Common studies were increased also at the Master's degree level in an effort to fulfill skills deficiencies in education in business and economics that had come to light in various surveys.

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Benchmarking of the planning of Master's and Doctoral programs

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The HSE participated in a benchmarking project organized by ESMU (the European Centre for Strategic Management of Universities), one of the topics of which was the planning of new Master's and Doctoral degree programs. The project compared the policies of five different universities in various stages of planning new degree programs and sought to find the best practices that could be transferred to other universities as well.

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Enhancing guidance counseling

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In the HSE a Ministry of Education funded project focusing on the development of study processes is underway as a part of the new degree structure. The aim of the project is to enhance the counseling of students by rendering it an integral part of the complete life cycle of studies. Personal study plans (HOPS) offer a functional tool for it and the program-based degree structure a suitable framework.



In autumn 2005, all the new students were required to draw up personal study plans. Part of enhancing the guidance counseling is the implementation of teacher tutoring. Students are assigned a teacher tutor when they begin their studies in the program.

There has moreover been an effort to improve the counseling of students not proficient in Finnish. In the beginning of the 2005 autumn term, all new foreign students received a guide (Information Guide for International BSc and MSc Degree Students), which in compact form describes degrees, studying and studies.

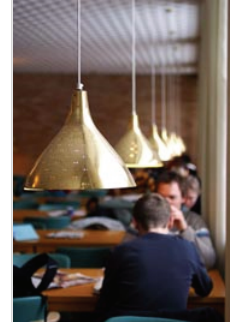
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Well-being services for students

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Several nationwide projects aiming at improving student well-being have been launched by the universities. The most comprehensive of these projects is the joint Kehä project of FSHS, SYL and OLL, the aim of which is to promote student well-being by communal means and thus to support and enhance the fluency of studies. As part of the Kehä project, the HSE and Hanken (the Swedish School of Economics and Business Administration) with their respective student unions (KY and SHS) began co-operating on the issue of well-being by founding a well-being work group and agreeing on jointly financed well-being co-operation.



The co-operation comprises offering the degree students of both universities bilingual well-being services from a well-being kiosk. The operations of the kiosk commenced in spring 2005. The services are provided by the student counseling psychologist, the student union's social workers, the student union's lawyer and the university pastor. Well-being information is offered also on the Net.

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Joint admission

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All the Finnish-language universities offering education in business administration and economics, with the exception of the University of Jyväskylä, participate in the joint admission process, which was first implemented in summer 2005. The joint admission process is co-ordinated by the Helsinki School of Economics. In the joint admission process, an applicant has the opportunity to simultaneously apply to between one and three universities giving business education participating in the joint admission process and take the joint entrance examination. As part of the joint application process, the entrance examination is being developed to require more applied knowledge than earlier, and to take into account the recommendations of the Finnish Higher Education Evaluation Council and the Government, aimed at developing the student selection process.



The joint application process offered 1,557 student places in 24 different programs. The total number of applications was 5,732, of which 36% selected the Helsinki School of Economics as their first choice. The entrance examination was taken by 4,794 applicants, 37% of whom applied primarily to the Helsinki School of Economics.

The Helsinki School of Economics had two different admission groups: the Master of Science in Economics and Business Administration degree, and the Bachelor's degree in Business Technology, which also gives students the right to continue their studies up until the Master's degree. All in all, 2,573 applications were submitted for the former and 176 for the latter. The total number of students admitted to the Master's degree program was 342, some of whom were admitted on the basis of the combined score of their matriculation examination and the entrance examination and some on the basis of the entrance examination score alone. The Business Technology degree program admitted 15 students on the combined score determined by an interview and the entrance examination score. Of the total number of applicants participating in the examination, 19% were admitted to the Master's degree program and 17% to the Business Technology program. All the admitted applicants had designated the HSE either as their first or only choice.

The success of the first joint admission process within the field was evaluated by a survey in connection with the entrance examination. In all, 3,638 applicants responded to the survey. Overall, the applicants felt that the joint admission process functioned well and 70% of the respondents had applied to more than one universities giving business education.

The Helsinki School of Economics participates in the Ministry of Education-led project, which commenced in 2004, and which aims at creating a joint application process covering all the universities.

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Other student selection

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In addition to the entrance examination, an English-language Scholastic Assessment Test (SAT I) was used at HSE. On the basis of SAT I 15 students were admitted the Bachelor's degree program in Business Technology (76 applications in all), 21 students were admitted to the Master's degree program (129 applications) and 15 students were admitted through the separate selection process for foreign students (79 applications). In addition, 35 students were admitted to Helsinki and six to Mikkeli on the basis of their Open University studies.



In the so-called Master's-level student selection, graduate students could apply directly to participate in new Master's degree programs. Eligible students included university graduates, students with university-level education and, with certain restrictions, graduates with a Bachelor of Business Administration obtained from one of the Finnish polytechnics. There were 219 applicants, 101 of whom were admitted.

Of all the new students, 34 are foreign students. They come from Bosnia-Herzegovina, Bulgaria, China, Germany, the UK, Hungary, Mozambique, the Netherlands, Nigeria, the Philippines, Poland, Romania, Russia, South Korea, Tanzania, the United States and Vietnam

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Co-operation between universities

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The Helsinki School of Economics is a party to the national Flexible Study Right Agreement (JOO). In 2005 the majority of admitted JOO students came from the Helsinki region. The students from outside the Helsinki region came from the Lappeenranta University of Technology, the Tampere University of Technology, the Turku School of Economics and Business Administration, the University of Jyväskylä, the University of Lapland, and the University of Vaasa.



The number of students utilizing the JOO agreement has risen in recent years. During the year under review, over 100 HSE students took the opportunity presented by the JOO agreement to study in other universities, whereas the number of students from other universities studying in the HSE outnumbered them considerably.

The HSE moreover participates alongside the Finnish Virtual University, Helsinki University of Technology, the University of Helsinki, and the University of Tampere in the LiTu project, which is developing an electronic system to promote student mobilityvaltakunnallisessa joustavan opinto-oikeuden (JOO) sopimuksessa.

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Finnish for foreign degree students

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The Department of Languages and Communications of the HSE has entered into a co-operation agreement with Helia (Helsinki Business Polytechnic) on the basis of which the HSE's foreign degree students can enroll in the basic or fundamental Finnish language courses in Helia. Advanced Helia's students of Finnish can reciprocally take part in the Finnish courses provided by the HSE. The students have eagerly taken advantage of this opportunity.



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Evaluation of teaching

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For over 10 years, the teaching has been evaluated in our university on a regular basis. The evaluation of teaching is seen as an intrinsic part of the quality system of education. The system has been continuously upgraded and the feedback garnered from the students is particularly concerned with the most important target and result of teaching – student learning. In the teaching situation, the students are perceived as co-operation partners, who must take responsibility for their own learning.



The teachers have also been asked for an assessment of how their own expectations pertaining to the course were realized. The aim is to support the teachers in developing their work and to develop the teaching premises and equipment to better correspond to the needs. The teacher feedback is passed on to those within the university who can support teachers in the desired manner or who can rectify any problems that they have encountered.

To continually improve the quality of teaching, a system according to which each course is the responsibility of a planning group comprising several teachers was utilized. In addition, each subject had one or more professors responsible for either a certain level study module or a certain section of the overall teaching of the subject in question. The professors responsible monitored the student feedback together with a student representative of their subject. In the new program-based degree structure, the student feedback is mostly utilized by the directors of the degree programs and program groups.

The quality of the basic degrees and the impact of teaching are constantly monitored. There are annual surveys into, for example, the functionality of the student selection and entrance examinations, the views of recent graduates, and the views of companies that have recruited HSE graduates.

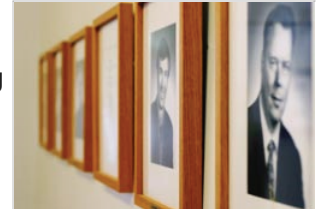
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Teaching support

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The Center for Innovative Education (CIE) is dedicated to the advancement and implementation of innovative education in the university. The CIE collaborates closely with the teachers in the development of teaching, teaching experiments and implementation of new information and communications technology.



In addition to personal pedagogical support offered to the teachers, the CIE organizes briefings on new teaching methods and ideas, education meetings and seminars.

The Center for Innovative Education organizes two more comprehensive seminars annually: the January and the September seminars. The January seminar introduces teaching innovations developed by HSE teachers while the September seminar takes a more comprehensive view on the development of teaching. The topic of the 2005 January seminar was the new study unit, Taitosalkku (Skills Portfolio), designed to aid the new student orientation and preparedness for studies, which CIE co-ordinates. The topic of the September seminar was the degree reform and the success of its implementation in the HSE.

The year 2005 also saw the establishment of the HSE's own course on university pedagogic (five credits), in which 22 teachers participated. In addition, HSE teachers have taken part in university pedagogic training offered by the University of Helsinki. Eight HSE teachers participated in training on the use of ICT in teaching (TieVie training).

In the HSE internal co-operation, the CIE has taken part in the work of the ICT advisory board, the staff training committee and the degree work group.

The CIE co-ordinates the HSE's virtual university activities and belongs to the IT-Peda network. In 2005, the CIE has moreover actively participated in the work of stakeholder groups of the FVU, the Finnish Virtual University.

The board of the Center for Innovative Education allocated HSE virtual university project funding for 10 teaching development projects. The projects funded include a wide array of teacher training as well as course and infrastructure development projects. The joint Helsinki Business Campus virtual university project of the HSE and Hanken provides a workspace (Medialab) for teachers.

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BScBA program

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The HSE's Mikkeli Business Campus Bachelor's Degree Program in International Business (BScBA) continued to assert its position as a genuinely international study alternative. The intensive, module-based teaching is primarily handled by visiting foreign professors.

In 2005, a total of 53 Bachelors of Science in Business Administration and three BBAs graduated from Mikkeli. The program has its own student selection process and last year saw a record number of applicants, 420 in all. A total of 96 students began the new term, six of whom were selected on the basis of their studies in the Open University. In addition to the actual intake quota, 14 students, who had postponed the commencement of their studies the previous year, began their studies.

International student exchange is a key part of the BScBA degree in Mikkeli. Last year, 54 students left for student exchange in 27 foreign universities. Mikkeli Campus was in turn visited by 52 foreign exchange students. During the year, one new exchange agreement was signed with a new foreign university. All in all, Mikkeli has exchange agreements with 49 foreign universities. Internationalism was moreover promoted by taking part in the Canadian-European Community Program for Co-operation in Higher Education and Training (CEMEC) project (2003-2006).

The unit participated actively in the preparation of the degree in accordance with targets and schedules set by the HSE, and the first-year studies begun in autumn 2005 were organized according to the new degree structure. The unit library moved into new premises.

The regional impact was promoted through the operation of the Mikkeli University Consortium in collaboration with other regional university units. The students, for example, collaborated with visiting professors on research projects for local enterprises.

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ITP program

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A total of 53 students took part in the Information Technology Program (ITP), which was organized for the eleventh time. In the summer-long training, the students got an overview of information and communication technologies in either the Content & Media or Business & Technologies subprograms. The ITP program is primarily aimed at MSc (Econ), MBA, JOO and exchange students.



During the year under review, the program's close co-operation with enterprises was further enhanced. In addition to academically designed courses, a variety of auxiliary events and guest lectures were arranged. As part of the co-operation, the companies were also offered an opportunity to employ a group of four to five students for an ITP business project for the summer. All the ITP students took part in one of the business projects which were supervised by the ITP project coordinators.

The staff from the collaborating companies could also take part in the program courses and this opportunity was seized by a dozen employees.

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International programs

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The special degree program, CEMS MIM (Master in International Management), is a joint Master's degree program of 17 European universities. A total of 120 Master's degree students are currently studying in this specialized program in the HSE.



In summer 2005, Elcoteq became an enterprise partner in the HSE's CEMS network. Of our CEMS enterprise partners, Kone and Stora Enso participated in the student selection process in the autumn. The one-year program comprises CEMS MIM specialization courses in the students' home university and an exchange university, a practical training period, language studies and study units familiarizing the students with work-life skills. In the HSE, the CEMS degree program is the responsibility of the International relations unit. The teaching is realized in collaboration with the Departments involved and the Department of Languages and Communication. The aim of the program is to provide teaching by top Finnish experts in international business. The Career Services and Corporate Relations also participate in the implementation of the degree program.

The student exchange program is the responsibility of the HSE International relations unit, and particularly the student tutor activities are realized in collaboration with the international sector of the KY student union. Almost 300 Bachelor's or Master's degree students (from the Helsinki and Mikkeli units) embark annually on a student exchange lasting a term or an academic year through the HSE's student exchange program. The student exchange program is based on the European Commission's Socrates/Erasmus exchange programs, the Norek student exchange program, bilateral exchange programs between universities, and the Freemover exchange program. Our university participates actively in international CEMS, PIM and Norek networks.

The HSE has become a preferred exchange destination because of its highly developed service concept. Annually, almost 200 exchange students from over 100 universities worldwide visit our university. In addition, management representatives from foreign universities frequently visit our university to acquaint themselves with our operations and our quality with regard to signing new co-operation agreements. The exchange students consider the level of teaching high. The student exchange studies in the HSE are inspiring and rewarding due to challenging studies and other programs aimed at the foreign exchange students.

Last year, the HSE International relations unit implemented an intensive training seminar for the students of the American Drexel University's Techno MBA Online program. The theme of the seminar was "Nordic Currents" and it took place in May in Stockholm and Helsinki. The seminar program comprised lectures and enterprise and embassy visits connected with the lecture series, as well as a social program deepening the understanding of the location. The structure and realization of the training seminar received a great deal of positive feedback both from the students and the management of the client university.

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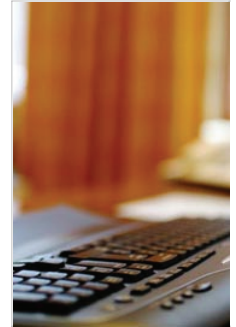
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Postgraduate studies

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The HSE has a high-grade postgraduate study program, which aims to offer efficient and high-quality scientific teaching and guidance.

The Doctoral degree program was reformed as part of the degree reform and it was launched in August. The reform promotes internationalism by introducing a more flexible degree structure and new courses as well as Finnish- and English-language postgraduate study guides. The program moreover aims at promoting publication in international refereed journals and encourages students to take part in international exchanges as part of their postgraduate studies.



A crucial feature of the Doctoral degree program is the personal study plan (PSP) which the doctoral students draw up at the very beginning of their studies to support them. The HSE doctoral students produce high-quality international standard doctoral theses and full-time postgraduate students complete their studies in approximately four years.

The postgraduate studies and the doctoral program are administered by the Center for the Doctoral Program. In addition to its administrative duties, the Center for the Doctoral Program manages the university's research assistants posts as well as research fellow and graduate school posts. In 2005, approximately 20 researchers worked in the Center, representing mostly the major subjects in the Doctoral Program. Three people were employed in postgraduate administration.

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The number of Doctoral degrees still on the rise

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For several years already, the results of investing in postgraduate studies have been in evidence in the increase in the number of completed doctoral degrees. In 2005, a total of 19 Doctorates were awarded: 4 in economics, 3 in marketing, 2 in logistics, 2 in organization and management, 2 in information systems science, 2 in entrepreneurship and SME business management, and one each in international business, international business communication, finance, and economic geography. In recent years, the HSE has attempted to create full-time postgraduate positions. During the year under review, 75 people in all were enabled to study full-time or almost full-time.

During the year, the Center for the Doctoral Program studied the newly graduated doctors' transition to employment and the effect that their degree had on their duties. The target group comprised all doctors who have graduated from the HSE. The results were published in a report in the HSE publication series.

Illustration: Doctoral degrees 1980–2005.

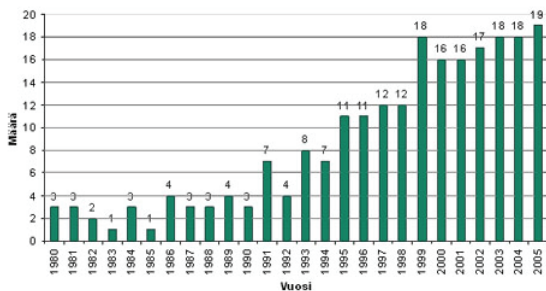


Illustration: Doctoral degrees 1980–2005.

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Recognition for Doctors from home and abroad

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In 2005, several HSE Doctors received awards both at home and abroad. Among others, the theses of the following Doctors received recognition:

- Mikko Syrjänen, DSc (Econ)

1st prize in European Doctoral Programmes Association in Management and Business Administration (EDAMBA) Doctoral Thesis competition

- Eiren Tuusjärvi, DSc (Econ)

Placed among the top ten doctoral theses in the EDAMBA Doctoral Thesis Competition

- Matti Koivu, DSc (Econ)

The HSE Foundation's 2005 Doctoral thesis award for the doctoral thesis displaying highest quality in 2004

- Satu Nurmi, DSc (Econ)

The HSE Foundation's 2005 Doctoral thesis award for a high-quality doctoral thesis in 2004

- Jukka Mäkinen, DSc (Econ)

The HSE Foundation's 2005 Doctoral thesis award for a high-quality doctoral thesis in 2004

- Juhani Linnainmaa, DSc (Econ)

The Doctoral thesis award of the Research Foundation of the OP Group

Dr Mikko Syrjänen's thesis in the field of quantitative methods of economics and management science was supervised by Professor Pekka Korhonen; Dr Eiren Tuusjärvi's thesis in marketing was supervised by Professors Kristian Möller and Liisa Uusitalo; Dr Matti Koivu's thesis in management science was supervised by Professors Markku Kallio and Teemu Pennanen; Dr Satu Nurmi's thesis in economics was supervised by Professor Pekka Ilmakunnas; Dr Jukka Mäkinen's thesis in organization and management was supervised by lecturer, PhD, Marja-Liisa Kakkuri-Knuuttila; and Dr Juhani Linnainmaa's thesis in finance was supervised by Professor Matti Keloharju.

The HSE Foundation moreover rewarded Professor Pekka Ilmakunnas for his commendable work in supervising doctoral theses.

» [Postgraduate studies](#)

Updated Jun 8. 2006

Participation in national and international academic networks

Annual Report 2005

The interaction in national academic networks was in evidence, for example, in the co-operation with the Finnish doctoral program in business studies (KATAJA) and other graduate schools. Our university is in charge of administering KATAJA and GEBSI (Graduate School for Electronic Business and Software Industry), and it participates in 13 graduate schools in all. In 2005, 26 researchers from our university performed their research in various graduate schools.



The international interaction can be seen, for example, in the active co-operation with foreign universities, the increasing number of foreign postgraduate students and the number of visits abroad by HSE's postgraduate students as well as publications in international refereed journals and the participation of foreign experts in the evaluation of the doctoral theses.

In order to support international co-operation, the HSE launched an exchange program called the "Visiting Scholar Program at the Helsinki School of Economics" in 2005. The aim of the exchange program is to provide researchers and postgraduates with an opportunity to get flexible funding for various international research projects.

To ensure the high level of the doctoral theses, the use of foreign experts as pre examiners and opponents has in recent years become the predominant trend. . The good evaluations and grades handed out by the pre-printing examiners and opponents serve as evidence of the high quality of the research in our university.

» [Postgraduate studies](#)

Updated May 30. 2006

Research

Annual Report 2005

The year 2005 was a year of new openings in the research activities of the Helsinki School of Economics (HSE). Investments were made in research, the focus areas of research were defined and research programs were launched. The HSE established a new network called HSE Research, which co-ordinates and plans research activities, and, with the supervision of the Vice-Rector in charge of research, it defined the new policies for developing research as well as for support and incentive systems.



According to the new development policies, the Helsinki School of Economics aims at high-quality scientific research. Its results promote international research on economics as well as the development of economic life and business management practices. This requires innovation, and high scientific quality and relevance of research.

The Helsinki School of Economics is a trendsetter and assists economic and business life in developing new business and problem-solving solutions. This in turn requires active co-operation between the HSE and companies and a long-term commitment to chosen research foci and targets.

- » [Specialty business know-how and special focus areas](#)
- » [Success in international research projects and programs](#)
- » [High-quality publications](#)
- » [External research funding increasing strongly](#)
- » [Functioning research network](#)

Units:

- » [Innovation Services](#)
- » [Center for Knowledge and Innovation Research \(CKIR\)](#)
- » [Center for Markets in Transition \(CEMAT\)](#)
- » [LTT Research Ltd](#)
- » [Business projects](#)

Updated Jun 1. 2006

Specialty business know-how and special focus areas

Annual Report 2005

The Helsinki School of Economics specializes in research on business know-how, which is based on multilateral international research and close co-operation between the surrounding society and business life. The research in the HSE is focused on four areas:

- 1) Globalization and Competitiveness
- 2) Financial Markets and Services
- 3) Information Economics
- 4) Networked business



In these areas, the HSE's various departments and research units have significant scientific strengths and know-how. They are moreover the focus of significant future challenges and expectations from the perspective of economics. Interest towards these areas in the research community is strong and the society's need to utilize research results is evident. The renewal of the focus areas and the new openings in research are possible through the development of innovative research groups within the focus areas. The areas will be evaluated on a regular basis.

» [Research](#)

Updated Jun 1. 2006

Success in international research projects and programs

Annual Report 2005

During the year under review, international research projects and their co-ordination have risen to the fore as new developments. The HSE has been exceptionally successful in the application rounds of the Sixth Framework Programme of the European Commission. Eleven out of thirteen research project applications received funding in the highly competitive EU competition. The HSE is the co-ordinator of two EU projects. These projects are moreover well in line with its research policies and are linked to various disciplines. The subjects represented are economics, languages and communication, organization and management, and philosophy. The units represented are the Center for Knowledge and Innovation Research (CKIR) and the Small Business Center (SBC).



Internationalization has been emphasized by commencing an international researcher exchange program with funding from the HSE Foundation and the Foundation for Economic Education. The aim of the program is to promote the internationalization of the HSE's young researchers and to attract foreign top researchers to Finland to enrich the HSE research programs and community.

The network of the leading European schools of economics, The Community of European Management Schools (CEMS) has commenced research co-operation with the HSE's Rector at the helm. In the past year, the CEMS Research & Development group has concentrated on the creation of subject-based researcher networks and the launch of international supervision and group work of doctoral students.

» [Research](#)

Updated Jun 1. 2006

High-quality publications

Helsingin kauppakorkeakoulun vuosikertomus 2005

Kansainvälisyys ja korkea tutkimuksen laatu näkyivät selvästi kertomusvuoden julkaisuissa. Kansainvälisten julkaisu- ja viitetietokantojen mukaan HSE:n tutkijat ovat julkaisseet tieteellisiä artikkeleita korkeatasoissa aikakauskirjoissa huomattavasti enemmän kuin muiden suomalaisten kauppatieteellisten yksikköjen tutkijat. Web of Science tietokannan mukaan HSE:n tutkijoiden kirjoittamia tieteellisiä artikkeleita on tietokannassa 34, mikä on yhtä paljon kuin muiden suomalaisten kauppakorkeakoulujen tutkijoiden julkaisuja yhteensä.



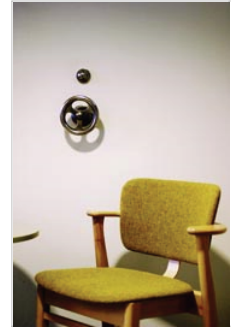
Kaikkiaan HSE:n opettajat ja tutkijat julkaisivat yli 400 tieteellistä artikkelia tai tutkimusta kokoomateoksissa, konferenssijulkaisuissa ja yliopiston omissa julkaisusarjoissa sekä lisäksi oppikirjoja ja muuta materiaalia. Referoiduissa aikakauskirjoissa ja huippulehdissä julkaistiin yhteensä 75 tieteellistä artikkelia, mikä on lähes sama määrä kuin edellisvuonna.

Updated Jun 1. 2006

External research funding increasing strongly

Annual Report 2005

The amount of funding from outside the budget increased considerably when compared to the previous year. Funding decisions for the year under review and the following years amounted to approximately €6 million (€4 million in 2004). Traditionally, the Academy of Finland has been the most significant sponsor of research at the HSE. In 2005, the EU and Tekes, the Finnish Funding Agency for Technology and Innovation, have become extremely important sources of funding in addition to other public funding and funding from foundations.



During the year under review, the Academy of Finland funded in all 30 different research projects in various subjects and departments. Among the projects funded were:

- Reform of academic policies
- Demands of the energy industry
- Energy markets and environmental policies
- Economics of climate change
- Stochastic optimization and its applications in financing
- Supporting decision-making in the WWW environment

In the coming years, the Academy of Finland's Research Programme on Business Know-how (LIIKE 2) will fund two HSE research projects: "The role of corporate communication in business know-how" by the Department of International Business Communication, and the "Valuenet" consortium by the Department of Marketing and two other universities.

During the year under review, Tekes funded 15 projects, which are also well in line with HSE's new research policies. Examples of Tekes-funded projects are:

- Global project strategies
- Competition and societal strategies of global actors
- Strategic marketing and the impact of marketing
- Material efficiency into service-based business
- Digital marketing channels
- Cosi
- Syscore
- Multi-objective optimization and multi-disciplinary support for decision-making
- Managing OSS

During the year under review, funding, particularly from the EU, multiplied. In addition, The HSE applied to co-ordinate two major EU research projects. The projects have been evaluated and preliminary decisions about funding have been made but the launch of the projects has been postponed until 2006. The two EU co-ordinating projects and nine other projects make the EU the largest single source of external research funding, with a 26% share.

» [Research](#)

Functioning research network

Annual Report 2005

The HSE Research network, launched during the year under review, began its activities speedily. The pillars of the network are the teaching and research departments, the Center for the Doctoral Program, independent institutes and the research units, CEMAT, CKIR and SBC.



The HSE Research Network steering committee, headed by the Vice-Rector in charge of research, provides support for the departments and research units, and drafted the new research policies as well as the support and incentive systems. The incentive systems spur the HSE researchers on to ever-better achievements. An intrinsic part of the HSE Research Network is also the research services team, which commenced its operation in an enlarged form. The team is led by the research services manager. The assistance provided by the team to the researchers has been felt to be extremely useful and profitable.

Special attention has also been paid to the presentation and visibility of the research in the press and the electronic media. Researchers from the HSE have appeared in numerous programs as experts or invited speakers. In order to improve the visibility of the research activities, the HSE channel reform also includes the reform of the HSE research portal. The reform will be completed in 2006.

» [Research](#)

Updated Jun 1. 2006

Innovation Services

Annual Report 2005

The HSE participates in the innovation manager network created jointly by Finnish universities, the Foundation for Finnish Inventions, the National Board of Patents and Registration of Finland and local actors. The activities of the network aim to promote the recognition of innovations created in universities as well as their protection and commercialization. The network is an established part of the universities' role in passing on know-how. Furthermore, the preparation of the new act on inventions created in universities is going to further increase the need for the services.



During the year under review, the Innovation Services have advised and assisted in invention-related legislative and contractual matters; supervised funded projects; and assessed invention proposals and business ideas.

The Innovation Services took part in the Tekes-funded TULI program, which has operated within the HSE for several years and which promotes the launching of new research-based businesses. The Venture Cup business plan competition plays an important role in the assessment of business ideas, and the Innovation Services participate actively in the competition.

The number of participants in the Venture Cup competition rose again to new heights in 2005. The competition is implemented by a small and extremely networked organization. The training events are broadcast all over the country by Webcasting. The jury, feedback and assessment processes are all also realized on the Web.

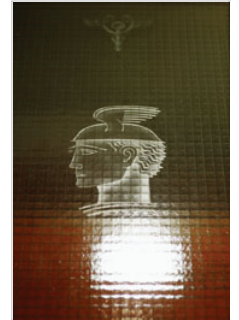
Updated Jun 1. 2006

Center for Knowledge and Innovation Research, CKIR

Annual Report 2005

The Center for Knowledge and Innovation Research, CKIR, is a phenomenon and problem-based multidisciplinary research center, which focuses on internationally high-quality research and postgraduate education. Its main themes are knowledge creation, innovative and knowledge-based global companies and technologies as well as local innovation ecosystems.

CKIR's operating principles include the strong development of the content and methods in its field of study through global university and company co-operation, the topicality of themes and the ability to recognize weak signals, as well as the internationality of policies, personnel and co-operation relationships. The CKIR combines relevant question setting from the points of view of research and business life, and transferring scientific results, their effects, and experiences arising therefrom, to science, research and innovation policies locally, nationally and at EU level.



In 2005, the CKIR concentrated on the development of three research programs, thus crucially supporting and strengthening the new research strategy of the HSE in the fields of globalization, information economics and networking:

- Knowledge-based innovative companies and their management
- Individual- and knowledge-based media and communications technologies
- Local innovation ecosystems as part of the global information economy and innovation ecosystems

Within these research programs, the CKIR succeeded in its aim of strengthening and diversifying its project portfolio by actively participating in national and especially EU research and technology projects. Through the projects, the long-term goals of increasing competence and improving visibility were also realized.

The Corporate Research Partnership program, launched in summer 2004, started off well with participation from Nokia's and IBM's Finnish and European operations. The idea is to gather together mutually complementary companies and players around innovation research related to knowledge creation and knowledge technology in such a way that it serves the creation of knowledge-based social-technological innovations for individuals, communities, urban areas, social services and administration, the development of value chains and business models, and the prerequisites of international commercialization.

Another intrinsic feature of the program is development projects with institutional clients, that is, the development of new public-private-partnership (PPP) operating models. It is essential that the public sector is brought into the activities in a new way, because the targets for growth and increasing jobs set in the Lisbon Agreement require that the public sector actors and the civic society are comprehensively tied to the innovation activities, not just as financiers but as actors themselves. Therefore, it is the aim of the program to create opportunities for research co-operation with the public sector, innovative urban areas and companies.

A good example of this kind of research co-operation is the joint project ensemble between the CKIR, partner companies, the international research network and the European Commission (IST: DG for Information Society Technology and Media: Unit of New Collaborative Working Environments) worth €40 million created in 2005. Its first objectives include piloting the European LivingLabs network's management, organization, financing, IPR, open source and other co-operation models in 2006–2013, which are needed for the construction of a multinational European LivingLabs network and later for a more comprehensive innovation infrastructure.

LivingLabs research, in which products, services, technologies, markets or even sectors of industry can be developed in collaboration with the public sector and the local residents, is a new operating model of R&D. It takes the strategic development of services, businesses and technology from the laboratories of companies and universities into the field. The operating model is a new approach in Finland and abroad to the CKIR and the whole of the higher education sector in general. Therefore, it is also an extremely challenging form of research and development with regard to methodology.

In accordance with the second objective of the project ensemble, the CKIR participates actively in activities contributing content for the Seventh Framework Programme on the EU research policy, the i2010 policy and CIP, the EU Programme for Competitiveness and Innovation.

The project ensemble includes the "Launching of The European Network of LivingLabs: The First Step Towards A New European Innovation Infrastructure (EII)" during the Finnish EU presidency. It is an official event jointly organized by the CKIR, the Prime Minister's Office and the European Commission in the Helsinki metropolitan area on 21 November 2006.

Updated Jun 1. 2006

Center for Markets in Transition, CEMAT

Annual Report 2005

CEMAT (Center for Markets in Transition) is a multidisciplinary unit, which produces know-how on the transitional and emerging markets under the rubric: "Regional business know-how and company internationalization in a globalizing world economy."

The special research areas of CEMAT are international markets in rapid transition in northwest Russia, the Baltic States, China, Malaysia and South Korea. The research into these areas aims to shed light on the central phenomena of global economics: post-socialism, the EU's eastern expansion and the "China Syndrome".

The Center operates through basic and applied research, Master's level courses, business management training and international co-operation. CEMAT's activities have a strong societal dimension, since the Center's staff are represented in international trade associations and federations as well as international academic commissions. Through its multidisciplinary profile, CEMAT for its part implements the HSE's aim of combining academically high-quality know-how with social relevance.

During its seven years of operation, CEMAT has established itself particularly in the ranks of Finnish actors in the field of East European studies.

CEMAT has a strong national profile in the development of Russia know-how in, for example, the Russia action plan of the Ministry of Education. The Center received international recognition when a Doctoral thesis completed in CEMAT was chosen by EDAMBA, a network of European Doctoral Programmes in Business Administration, as one of the ten best theses. The year 2005 saw the continuation of building a strategic alliance between the Center and the University of Joensuu, which is developing multidisciplinary Russia expertise. The alliance has progressed to the pilot phase of a joint Master's degree program on the Russian economy and its social linkages.

The mode of operation of CEMAT is multidisciplinary which ensures that the results of the basic and applied research are fully utilized in Master's education and management training. CEMAT produced training for the Ministry for Foreign Affairs funded JIPROFIN training program for Russian business management, which is part of a Russian Federation level international training program. In 2005, the Center moreover offered teaching at the HSE on the integration of the Baltic Sea area in the joint CEMS MIM program (Master of International Management) of companies and universities. In addition, the teaching was incorporated into the Finnish national university networks on Russia, Eastern Europe and East and Southeast Asia studies. CEMAT know-how has also been linked to the national university network of tourism.

Together with the HSE Marketing and communications unit, the Center organized a LTO Forum on the reality of business in northwest Russia. The Forum was a continuation on the previous year's Estonia forum. Feedback from both forums was good and it was decided that such forums would be organized also in the future. CEMAT moreover gave a speech at the 10th anniversary of the HSE's Case Unit.

In collaboration with the City of Helsinki, the Center organized a seminar on Finnish corporate activities in Estonia. The seminar took place in Tallinn. Furthermore, CEMAT organized an anniversary seminar in the HSE on the Asian economy to celebrate the 20th anniversary of the Finland–Malaysia Association.

CEMAT continued developing the national know-how on issues pertaining to Russia, the Baltic States



and Asia by taking part in the steering committees of related network universities and graduate schools. CEMAT also contributed to the discussion on the Asia action plan being drawn up by the Ministry of Education.

CEMAT represented the HSE in the St Petersburg Fund, the working group of the Finnish–Russian Commission for Scientific and Technological Co-operation, the Finland–Malaysia Association and the Finland–Republic of Korea Trade Association.

CEMAT continued its participation in the expert network of the RUSSIAinfo project initiated by the Ministry of Education, the aim of which is to construct a national Russia information portal.

CEMAT took part in international higher education co-operation by representing the HSE in the CEEMAN (Central and East European Management Development Association) and BMDA (Baltic Management Development Association) organizations.

CEMAT's research examines various international markets in a comprehensive manner. The research activities cover everything from the macro level (economic development and trade relations), to the meso level (local economies and market areas crossing international borders, study of sectors) and the micro level (adaptation of companies, international co-operation between companies). The research themes include:

- Economic development and the operational prerequisites of the business sector in northwestern Russia
- Comparison of business norms in the Baltic Sea region – the Baltic Sea as an operating environment for an internationalizing company
- The development of tourism in Finland particularly with regard to tourism from the east
- China and East Asian countries as investment targets

These themes were studied from the point of view of institutional economics. HSE students working on their theses were also involved in CEMAT projects. The research was funded both by the public and the private sectors and projects were realized particularly for Sitra, the Ministry of Trade and Industry, the Ministry for Foreign Affairs, the Academy of Finland, and various foundations and companies. CEMAT also implemented research and training projects in collaboration with HSE departments (international business, economics) and independent institutes (SBC).

The research into neighboring regions was continued by co-ordinating the Ministry for Foreign Affairs funded Economic Monitoring of North-West Russia project, which is realized jointly by five Finnish and six Russian research units. The Tourism Potential of Southern Finland project was continued with a study on Russian tourists. Work on a doctoral thesis on the St Petersburg hotel sector also continued. A research project on women entrepreneurs in Finland and St Petersburg, as part of the research on Finnish-Russian company networks, was completed, and the project continues with a comparative project in Karelia. Completed projects included studies done in collaboration with the Lappeenranta University of Technology on the retail sector in northwest Russia, and the potential that northwest Russia presents to southeast Finland.

A project belonging to the theme of economic effects of the EU's expansion to the east saw the completion of a comparison of the twin cities of Helsinki and Tallinn, Imatra and Svetogorsk, and Tornio and Haparanda. In addition, comparative research into Finnish companies' Baltic operations and the business norms in the Baltic region countries was continued, and the Baltic States were assessed as a domestic market area for Finnish companies.

Asian research continued with a research project on Nordic investments in East Asia. Researchers, who had transferred to CEMAT, defended their doctoral theses on the economic relations between the EU and the Association of Southeast Asian Nations (ASEAN), and Finland and South Korea.

In 2005, 13 researchers and research assistants worked in CEMAT. In addition, project researchers, visiting scholars from Poland and Slovenia with funding from the Academy of Finland, and a Fulbright scholar from the United States worked in the Center. CEMAT and the HSE Small Business Center have a joint representative in St Petersburg.

LTT Research Ltd

Annual Report 2005

The year 2005 proved challenging for LTT. The volume of operations remained practically the same as in the previous year but its profitability decreased considerably. This was due first and foremost to the unexpected passing away of the long-time CEO of LTT and the resultant period of uncertainty, for example about the nomination of the new CEO, which lasted the better part of 2005.



Among the successes of the year under review are the completion of a work strategy begun earlier and the complete reform of the organizational structure and responsibilities of the personnel. The work strategy provides a basis for significantly improving financial performance in 2006. This means concentrating on consultation aimed at private companies. The projects are confidential in nature and they aim to offer concrete assistance in developing the business of the clients. One of the aims of the organizational reforms has been to multiply the number of personnel involved in development who also have sales responsibilities.

One of the major events in 2005 was the launch of LTT's international activities. In the autumn, LTT opened offices in Shanghai, China.

LTT continued to implement multiple client research, which concentrated on the conceptualization of new business models and various themes pertaining to different forms of networking and management of the customer interfaces, among others. The projects were challenging, interesting and demanded wide-ranging know-how. In connection with the projects, LTT had the opportunity to co-operate with other universities and international partners.

In 2005, the projects dealt with corporate growth strategies and business models, pricing and development of marketing, development of human resources management, rationalization of processes and improvement of profitability, as well as consultation on competition legislation. In addition, LTT implemented a significant number of projects for the public sector. These projects comprised, for example, analyzing the economic effects of given measures as well as evaluating various programs and drawing up industrial policy surveys.

The outlook for the year 2006 for LTT is promising. According to current estimates, both the turnover and business profit of LTT will increase considerably over the year under review.

Updated Jun 1. 2006

Business projects

Annual Report 2005

The number of Student Business Projects increased in 2005. In all, nine commissioned business projects were implemented, which on average were larger than the previous year's projects.

A survey on the customer satisfaction with the projects in the last three years was also conducted. The results were extremely positive. The survey revealed, for example, that the concept of Business Projects was viable and the quality of work as measured by the price-quality ratio was very high.



Updated Jun 1. 2006

Corporate co-operation and stakeholder relations

Annual Report 2005

The co-operation between the Helsinki School of Economics and companies is based on client-based research, training and career services and long-term corporate partnership. Research services provide these tailored to the needs of companies, business projects and wide-ranging research projects. Annual high-quality events and the consolidation of different forms of co-operation into partner agreements also contribute to building bridges between the academic community and companies.

- » [Alumni relations \(AR\)](#)
- » [HSE co-operation partners 2005](#)
- » [Lecture hall sponsoring](#)
- » [Partnership programs](#)
- » [Career services](#)
- » [Events](#)
- » [Research services](#)

- » [Annual Report 2005](#)



Updated Jun 1. 2006

Alumni Relations

Annual Report 2005

The most important aim of the alumni activities is to maintain a relationship between the HSE and its graduates and to function as the foundation for the University's stakeholder relations. The alumni activities provide the HSE business know-how network with a unique competitive edge by creating an inspiring meeting place for the alumni, students, teachers and other personnel.



Current situation and development

HSE has currently over 8,000 alumni and its AR is one of the oldest and most successful in the Nordic universities. During the year, the alumni board considered means to continue the development of the alumni activities towards the top international level. The crucial issues discussed were, for example, how to anchor the alumni more effectively into the everyday activities of the HSE and how to develop the alumni activities towards clearly value-adding activities. In addition, the internationalization of the alumni activities and the segmentation of the alumni membership were discussed.

Stakeholder events and co-operation

During the year under review, the activities continued to be as lively as in previous years. The HSE alumni organized, for example, ten class celebrations, several open lectures and a Christmas service. One of the most extensive events during the year under review was the Jaakko Honko Lectures. Approximately 300 people assembled to hear the views of Professor Seppo Honkapohja from the University of Cambridge on the success factors of national economies.

Student mentoring, an annual collaborative project between the HSE alumni, HSE's career services and the student union (KY), was organized for the sixth time. It attracted the record number of 28 mentoring pairs. The aim of the project is to provide the students with an opportunity for professional as well as personal development. The alumni provide the students with support and guidance in moving on to work life, planning a work career, finding areas of expertise and in general life management.

Alumni networks in action

The entrepreneur alumni network, founded in 2004, organized a themed soirée for enterprise-oriented alumni, the aim of which was to support alumni considering setting up their own business.

Now that the entrepreneur alumni network has established itself, the HSE alumni activities have introduced yet another form of action: during the year under review, a doctoral alumni network was founded with the aim of promoting the position of alumni with doctorates. The doctoral alumni network was launched in the doctoral alumni inaugural event in November. One of the main aims of the network is to retain the connection of doctoral alumni with the HSE and to promote communication between doctors. The Doctoral alumni network is a communications channel, which, among other things, seeks to promote the exchange of information between doctors from different fields and to activate the discussion between the HSE and business life.

Active in business networks

The HSE alumni have participated actively in creating and developing both national and Nordic universities' alumni networks. During the year under review, the HSE alumni continued to be represented in the steering committees of both the national and Nordic alumni networks. For example, the HSE participated in the organization of the Nordic Network conference held in Copenhagen.

Alumni Board

The Alumni Board of Directors is being renewed. It is hoped that the future board will have as diverse a representation from the alumni networks and the scientific community as possible, and the marketing and communications aspects are also considered important.

The Alumni Board of Directors from the beginning of 2005:

Ismo Rautiainen, President, Perlos (Chair)

Sirpa Alhava, Deputy Managing Director, Customer magazines, Kynämies

Mikko Komi (MBA), Director, Commercial Partnerships, Finnair

Johanna Koskinen (EMBA), Marketing Director, JOKO Executive Education

Timo Löyttyniemi, Managing Director, the State Pension Fund

Risto Penttinen, Management Consultant, McKinsey & Company.

Juha Tuomala, Authorized Public Accountant, SVH PricewaterhouseCoopers

Eero O. Kasanen, Rector, HSE

Esa Ahonen, Administrative Director, HSE

Eeva Lehtinen, Director, Communications and PR, HSE

Terttu Forsström, Alumni co-ordinator, HSE (secretary)

» [Corporate co-operation](#)

Updated Jun 1. 2006

HSE co-operation partners 2005

Annual Report 2005

HSE PARTNERS

BOOZ ALLEN HAMILTON
ELCOTEQ
ERNST & YOUNG
KESKO
KPMG
MCKINSEY & COMPANY
NOKIA
OUTOKUMPU
PRICEWATERHOUSECOOPERS
S GROUP
STORA ENSO
TIETOENATOR

CEMS PARTNERS

ELCOTEQ
KONE
NOKIA
STORA ENSO

LECTURE HALL SPONSORS

BAUHAUS
ERNST & YOUNG
FORTUM
HARTWALL
JENNY AND ANTTI WIHURI FOUNDATION
KEMIRA
KESKO
KPMG
NATIONAL LAND SURVEY OF FINLAND
MERCURI INTERNATIONAL
NOKIA
NORDEA
OKO BANK
PRICEWATERHOUSECOOPERS
SAASTAMOINEN FOUNDATION
SOK
STORA ENSO
FINNISH FAIR CORPORATION
TIETOENATOR
WM-DATA
XEROX
YIT
YRJÖ JAHNSSON FOUNDATION

» [Corporate co-operation](#)



Lecture hall sponsoring

Annual Report 2005

Supporting the equipping of teaching premises is one form of co-operation between companies and the HSE.

This is a way for a company to get visibility among the HSE students, stakeholders and visitors. Lecture hall sponsoring provides the students with better study facilities and equipment while the HSE gains valuable resources to support its activities.



At the end of the year, 23 companies or corporations had a lecture hall named after them in the HSE. The Main Building had 11 sponsored halls, the Arkadia Building six and the Chydenia Building six. One new company joined the scheme in the beginning of November and for most companies the co-operation has continued for several years.

» [Corporate co-operation](#)

Updated Jun 1. 2006

Partnership programs

Annual Report 2005

The Partnership program is based on active contacts between the university and companies, and the excellence of the program content.

In 2005, 12 companies participated in the program. Income from partnerships aids the university in maintaining high-quality teaching and research and in promoting internationalization of its activities.



The Helsinki School of Economics is among the 17 leading European universities of the CEMS (Community of European Management Schools) network, which creates a framework for the co-operation between companies and universities through CEMS partnerships. Currently, there are four Finnish partnership companies in the network.

» [Corporate co-operation](#)

Updated Jun 1. 2006

Career services

Annual Report 2005

In 2005, the Career services particularly emphasized increasing the co-operation with companies and securing the basic services of the unit. In the latter part of the year, the focus was on increasing the awareness of the unit in potential client companies and marketing the unit's services to the students.

The core of the Career services is the CareerWeb service, which relayed 2,113 job advertisements in 2005. There was an increase of almost 700 advertisements compared to the previous year. The CareerWeb service reaches the HSE students very successfully and the recognition level of the service is high. The unit's other events and company presentations were also publicized through CareerWeb. During the year under review, 14 company presentations were held in the HSE. In addition, we participated as organizers in nine company events held outside the HSE. The events attracted all in all more than 1,400 students. In addition to the above, we implemented 18 direct mail campaigns and five CV searches at the request of companies.



The Arena 2005 career fair was held in collaboration with the Swedish School of Economics and Business Administration. A record 41 companies participated in the fair, which hosted 13 company presentations and three information events on work life. Approximately 2,000 students visited the fair.

The number of Student Business Projects increased in 2005, which saw a total of nine commissioned business projects, all larger on average than the previous year's projects. A survey on customer satisfaction with the projects was also conducted, the results of which were extremely positive.

The Career services organized almost 150 courses on job seeking, and events and receptions dealing with career counseling. The Kluuvi Employment Office was responsible for weekly career counseling and the Career services for the regularly held job application assessment days and labor market training. The Working Abroad lectures organized in collaboration with other universities in the Helsinki metropolitan area also continued. In addition, the Career services, the HSE Alumni and the student union (KY) organized a mentoring program that attracted a record 28 mentoring pairs.

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Events

Annual Report 2005

During the year, the representatives of the scientific community and HSE's Business services organized various opportunities for encounters between practical business life and the scientific community. The current topics had been chosen in collaboration and the approach to them was multidisciplinary. The themes were post-modern consumption, shared leadership in a global operating environment, implementation of global strategy and the challenges presented by the business environment in northwest Russia.



The main event of the year was the What's New seminar aimed at partners and professors, the topic of which was consumer behavior in post-modern society. Professor Henrikki Tikkanen had invited Professor Bernard Covan from the Euromed Marseille Ecole de Management to act as the keynote speaker at the event.

From both the scientific and practical perspective, round-table discussions have proved to be a good way of examining themes common to partners and researchers in a confidential and relaxed atmosphere. The most recent round-table group assembled to discuss shared leadership and the challenges it represents in a global operating environment.

The international theme was continued in a joint seminar organized by the HSE and a partner Booz Allen Hamilton. In the morning, the focus was on considering the challenges faced by global companies both from the perspectives of science and practice. The keynote speaker was Professor Yves Doz (INSEAD).

In December, the business know-how FORUM event was organized for the fourth time. The theme of the CEMAT, SBC and Business services organized event was the reality of business in northwest Russia.

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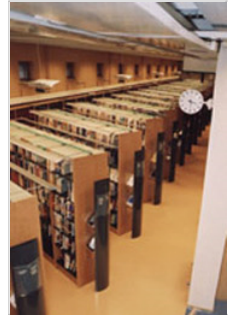
Research services

Annual Report 2005

The prerequisites for corporate co-operation were enhanced by choosing four spearheading themes for the research of business know-how. Scientific novelty value and practical relevance were confirmed as the objectives of the research. The research services aimed at companies comprise:

- Bachelor's theses
- Master's theses
- Business Projects and
- Wide-ranging research projects.

In the latter half of 2005, the research co-operation between companies and the HSE was enhanced by the appointment of a business service director in charge of co-ordinating the research activities.



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Information services

Annual Report 2005

The Helsinki School of Economics library, **Helecon**, distinguishes itself in the international science library network by its openness: the Online service resources are at the disposal of all customers in the Information Center. Thus, for example, the Alumni are offered the comprehensive data reserves of the digital campus library: a hundred databases and 5,000 digital scientific journals. The service provided for society at large is unique when compared to, for example, the libraries of American schools of economics.



The multi-channel service range has successfully attracted an exceptionally wide customer base, which uses the library services in a versatile manner both for studies and research. Of all economics students in Finland, over 40% have registered as local customers of the Information Center.

The library's services have a regional impact: 78% of student customers come from the Helsinki region and 22% from rural universities. Over half of the users of local services and over 70% of registered customers are from outside the HSE. There were almost 2,000 mobile service customers and over 20,000 other customers.

The library has a central role in fulfilling the country's economics and business science information needs. When measured by the materials and services it provided, the number of service transactions, equity and utilization rate, product development, international interest groups and its custom, the Information Center was the leading business science library in the country. The library plays a national role as an information resource for doctoral programs, researcher networks and graduate schools.

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International information provider

Annual report 2005

Service channel behavior of customers is changing. The demand for HSE online services grew exponentially. The number of downloads from the digital campus library increased by 50%, the number of articles printed from electronic journals by more than 40%, while the use of online dictionaries and e-book services doubled. The science journal portal of the digital campus library registered 40,000 accesses. The slow development of the international e-book markets continued to be evident in the great demand for local lending services. The overall demand for local services (458,000 loans) decreased by a slight 2% but is still high compared to other university libraries. The international visibility of the HSE research was promoted with the university's electronic publication portal, which was accessed more than 63,000 times.



The Helecon research follow-up services provide added value to the national and international scientific community; Helecon's most distant corporate client is based in Beijing. The impact of Helecon is evinced by the importance of its content production: its services reach the majority of the university and polytechnic students at the latest when they are working on their theses. The number of references in the databases rose to 730,000. The Scima database is the only international online service, which follows European business sciences research. The Asia database is maintained for the needs of the Asia network university. The Finnish periodicals index in economics and business database is a national monitoring service for articles on business life.

The Kauppasivistyksen muisti (The memory of a trade civilization) project also has an impact from the point of view of attainability of national research information. The project includes the digitalization and development of the Finnish economic and business bibliography (1945–1979), the Helecon Classic database. The new Finnish-English vocabulary portal was implemented to support information retrieval. The Helecon databases were accepted as part the high-quality online material range provided by university library consortia of both Finland and Sweden alongside international commercial products. The Helecon trademark was designed in 1975 as a symbol of high-quality information service products: the 30th anniversary of the online services was celebrated with the development of a new product, the Info channels.

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Business information center

Annual Report 2005

As an open-access scientific library, the Business Information Center has a major role in responding to the lifelong learning service demands of people working in business. The number of corporate clients is the highest of all Finnish scientific libraries. Helecon is the central provider of distance services of economic information. Business life accounts for 12% of new local customers. Mass-tailored online services, 30 Helecon information channels, were introduced to promote the distribution of up-to-date research information. The small businesses and entrepreneurship information channel supported the creation of new businesses, entrepreneurship education and companies' ability to renew themselves in a changing operating environment. The follow-up services of health economics and well-being at work promoted research on changes in work life. The development of the information channel for design management responded to the joint research follow-up needs of three universities – the Helsinki School of Economics, the Helsinki University of Technology, and the University of Art and Design Helsinki. The information channels on Russia and the Baltic States supported research projects on Finland's neighboring regions.



The Information center maintains and develops a national, digital annual report database, the extent of which is almost 130,000 pages.

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Developing administration services

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The library and information services at the Helsinki School of Economics are produced effectively. Chargeable services play an important role in the financing of the activities.

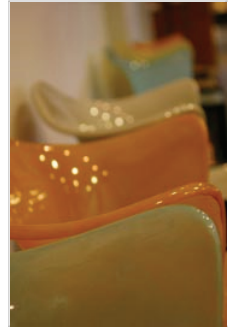
Productivity has been enhanced by co-operation with other university libraries: information systems and server co-operation, by a consortium for competitive bidding for electronic materials and standardization projects on information content structures. Helecon has created a profile as a developer of information systems for information services.

The Information Center actively participates in the Council for Finnish University Libraries, as well as in the European, American and Asian schools of economics library networks. International co-operation has resulted in comparable statistical data. The HSE library has succeeded well in domestic and foreign comparisons. As a part of management system development, the library gave an expert lecture for the Master's Degree program for Data Management and Information Retrieval in the Department of Information Studies of Tampere University.

The Head Librarian was a member of the planning group of the joint knowledge map project of Finnish university libraries, and as an invited mentor manager in the mentoring project of the University of Helsinki library. The Helecon Information Center organized an expert seminar, "Uusia näkökulmia kirjasto- ja tietopalvelujohtamiseen" ("New Perspectives on library and information service management") for managers within the library network.

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Units and programs

Annual Report 2005

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Department of Economics

Annual Report 2005

Subject: Economics

The Department of Economics was active in the field of research. In 2005, four doctoral theses were accepted in the Department.

Several comprehensive research projects with outside funding have been ongoing in the Department of Economics. The Academy of Finland funds projects researching institutions and economic development, as well as Russian infrastructure and welfare services. A wide-ranging project funded by the Academy of Finland and the Finnish Work Environment Fund examines, in collaboration with companies, what effects organizational innovations in workplaces may have on productivity. In addition, the Department of Economics has taken part in an EU-funded, multinational project on productivity. Researchers from the Department moreover participate in the new Nordic Center of Excellence in Empirical Labor Economics. It includes research groups from Finland, Sweden, Norway and Denmark.



The professors and researchers of the Department have actively taken part in public social and economic debate. The professors hold positions of trust in public administration (the Scientific Council of the Ministry of Finance, the Academic Advisory Board of Statistics Finland) as well as in the organs of various foundations.

The Department of Economics is situated in the Economicum Building together with the Departments of Economics of the University of Helsinki and the Swedish School of Economics and Business Administration, and the Finnish Doctoral Programme in Economics (FDPE). The Helsinki Center of Economic Research, HECER, functions as the joint umbrella organization of the Departments.

In 2005, the co-operation between the units has been further developed on the basis of joint basic degree courses and active joint seminar work. A weekly research seminar and three weekly alternating subject seminars are held in the Economicum. The HECER also has a joint working paper publication series.

» [Units and programs](#)

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Department of Languages and Communication

Annual Report 2005

Subjects: English Business Communication, Spanish, Italian, Japanese, French, Swedish, German, Finnish Language and Communication, Russian

In 2005, the main focus has been on finalizing the new curricula based on the new degree system and informing both the HSE students and outside target groups about them. The credit and degree targets set for the Department were reached.



The Department's second ever, and first in the International Business Communication program, doctoral thesis was defended at the end of 2005. Networking with both domestic and international parties was continued and strengthened. From the beginning of the year under review, the Department has been a partner in a two-year EU project, which has representatives from eight European countries. The project deals with evaluation of online materials on languages.

A distinct high point in last year's activities of the Department was the funding granted by the Academy of Finland to the project led by Professor Mirjaliisa Charles "Does business know how? The role of corporate communication in the business know-how of globalized operations." Only ten of the individual applications in the multistage application process for the Academy of Finland's research program, Business Know-how (LIIKE 2), received a positive funding decision.

Even in the new degree structure that came into force in autumn 2005, excellent language and communication skills are mentioned as an important component of the expert skills of HSE graduates. In addition to the domestic languages, the Bachelor's degree includes studies in at least two foreign languages. Furthermore, at Master's level all studies include a more demanding study unit, which can be taken in either communication in domestic or foreign languages. The teaching offering includes English Business Communication, Spanish, Italian, Japanese, French, German, Finnish Language and Communication, and Russian. Moreover, the Open University offers teaching in Chinese and Estonian.

New communications programs

A new feature of the teaching at the Department is two communications minor subjects and Master's degree programs. International Business Communication (IBC) and Talouselämän viestintä (TEV) (Business Communication) minor subjects are offered at both Bachelor's and Master's levels. As its name suggests, the IBC specializes in international business communication and it is possible to include in it study units from both the Economic Geography (International Business Environments) and foreign languages (Business Language and Communication Studies). The TEV minor subject specializes in Finnish business communication.

The Department of Languages and Communication also co-ordinates two multidisciplinary Master's degree programs, International Business Communication and Finnish Language and Business Communication, which combine communication studies with business studies. The aim of the programs is to train experts in corporate communication and in general business communications, as well as to promote research on business communication. Both of the main subjects of the programs (International Business Communication and Finnish Language and Communication) are also offered as Doctor's degree programs.

Communication Certificate

For a long time, the Department of Languages and Communication has worked to unify the goal setting of foreign language communication and to represent it in terms that would accurately convey

the true level of the language skills to the prospective employer in particular. In conjunction with the degree reform, the long-prepared HSE Business Communication Certificate is finally to be fully implemented.

The certificate evaluates the student's language skills according to a six-tier skill-level scale. The skill levels have been adjusted to comply both with the widely known Common European Framework of Reference and the joint skills targets set for a language degree on business communication by the CEMS network (Community of European Management Schools).

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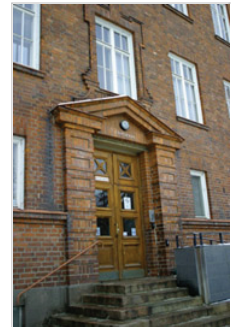
Department of Accounting and Finance

Annual Report 2005

Subjects: Accounting, Finance, Business Law

In 2005, a total of 73 Master's of Science (Econ) degrees were awarded in Accounting, 46 in Finance and 20 in Business Law. The Department surpassed its basic degree targets. One Doctor of Science (Econ) was awarded in Finance. The student intake quotas were filled in Finance and Business Law, in Accounting the quota was not filled.

At the moment, the focus in accounting research on profit calculation is on financial statements and the utilization of the information provided by them. The research focuses on the international financial reporting standards (IFRS). The focus in managerial accounting is on management, performance assessment and reward systems, while in finance research focuses on behavioral finance and corporate finance.



International visitors in the field of accounting during the year included professors **Stephen A. Zeff** (Rice University, USA) and **Donald Stokes** (University of Technology, Australia). Professor Zeff gave a public lecture on the political pressures faced by the International Accounting Standards Board (IASB). Professor Stokes in turn presented current accounting research results in the rotation of the auditor and the significance of markets and legislation in choosing an auditor.

Finance continued its high-quality research activities. Senior Assistant **Elias Rantapuska** was presented with the Barclays Global Investors' award for the best paper by a doctoral student at the annual meeting of the European Finance Association. Professor **Matti Keloharju** received an award from the HSE Foundation and the Finnish Fund for Securities Markets' Development, for his achievements in the field of research. In addition, Professor **Matti Suominen** won the Journal of Financial Markets prize and Docent **Esa Jokivuolle** the Journal of Banking and Finance prize for the best paper.

The subject of finance continued its internationalization efforts. Professor **Matti Suominen** worked as a visiting professor in the University of Pennsylvania's renowned Wharton Business School for the fall semester.

Auditing corporations PricewaterhouseCoopers, Ernst & Young and KPMG funded a senior assistant in auditing post at the HSE in the Department of Accounting and Finance. **Lasse Niemi**, DSc (Econ), was appointed to the post. The popular apprentice subproject of the Accounting department's auditing project was continued during the year under review.

The Graduate School of Finance (GSF), responsible for the national postgraduate education in finance, was launched in the beginning of 2005. **Mikko Leppämäki**, Ph.D. (London School of Economics) was appointed as the director of the graduate school and the nomination was made possible by a donation from the Finnish Fund for Securities Markets' Development. The GSF organized three doctoral courses in finance and 16 foreign professors appeared at the Joint Finance Research seminars assembled by the GSF.

During the year, personnel from the Department have taught in JOKO Executive Education, the Open University and at outside training events, as well as given several lectures in events of various companies and associations. The personnel have also published textbooks and scientific articles, working papers and research reports in journals and periodicals. In addition, it has taken part in legislative work on accounting, auditing and taxation, in the activities of audit boards, as well as

organizing vocational education in the field. The long-time head of the Department, Professor **Kalervo Virtanen**, retired at the end of August. He was awarded a silver medal for his 40 years of service.

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Department of Business Technology

Annual Report 2005

Subjects: Management Science, Logistics, Quantitative Methods of Economics, Technology Management and Policy, Information Systems Science

After its very first year, the Department of Business Technology still has that new department smell. Five subjects from various departments have been combined to form a suite of degree programs and research, which, due to demand from practical business management, has become increasingly common both in the leading American business schools and recent structural reforms of CEMS universities.



The Department of Business Technology is a primarily English-language department, which offers a Bachelor's degree in Business Technology and at Master's level specialization areas in: Management technology, Information systems science, as well as Logistics and service economy. This year the quota for applying directly to the Bachelor's degree program was increased by 30 students, of which 15 were chosen on the basis of interviews (less than 10% of all applicants). The Master's degree program also had well-qualified applicants from abroad in its direct admission process.

In 2005, a total of 69 Master's degrees were completed, mainly from subject-level programs, but also from the joint ISM (Information and Service Management) Master's degree program. The new Master's of Science graduates settled into work life extremely well and over 90% of them said that they would choose the same main subject again. The teaching in the Department, especially in Logistics, was recognized with an award for the best teacher in the HSE, and an award for the best science-based course given by SEFE - the Finnish Association of Graduates in Economics and Business Administration.

In their research activities, the personnel of the Department were very successful during the year under review. Four Doctorates were awarded, 20 publications passed the refereeing process, and over 50 papers were presented in international conferences. A clear indication of the Department's strength was that in the Academy of Finland application process it was placed nearest the Centre of Excellence status of all business science departments. The Department of Business Technology produced a great many publications and references. In addition, a doctoral thesis on quantitative methods in economics won first prize in the category for European doctoral programs. The Department personnel and researchers participate in several national graduate schools and in the administration of academic research associations and they are sought-after experts for research co-operation and expert tasks worldwide.

Information Systems Science

The subject is responsible for the implementation of the new English-language Bachelor's and Master's degree programs common to the whole of the Department. Both programs succeeded in attracting excellent applicants even though marketing them was challenging. Especially delightful was that foreign applicants also found our program. Representatives from the subject still co-ordinate the operation of GEBSI (Graduate School for Electronic Commerce and Software Industry) in collaboration with the Helsinki University of Technology (TKK). The graduate school held several seminars and courses with participation from top foreign researchers and there was an attempt to systematize the use of foreign supervisors.

In 2005, a total 25 Master's degrees were awarded in Information Systems Science, and all the graduates found employment without difficulty. Separate programs, particularly the ISM (Information and Service Management), continued to be responsible for most of the Master's degrees. Two doctorates were awarded in the subject: to Teemu Santonen and Tuure Tuunanen. Our students also

got places in the doctoral consortia (ECIS and ICIS) of the largest conferences in the field, in which our professors participated as supervisors. Antti Nurmi was the only Nordic postgraduate student to be accepted into the most prestigious ICIS doctoral consortium.

During the year, Information Systems Science focused its research activities on multi-channel business technologies, software business and product development as well as development methods of information systems. Significant new openings towards the end of the year were the joint Tekes-funded Future Marketing project with the Department of Marketing, and in the beginning of the year the EU-supported ITEA project COSI (Co-development using inner & open source in software intensive products), which studies Open Source business models. The research resulted in several publications in international top journals and conference proceedings. A representative of the Information Systems Science was honored for the best research paper at both the ECIS and IADIS conferences. Professor Timo Saarinen continued his work as Vice-Rector responsible for research and fixed-term Professor Matti Rossi as the European and African representative in the AIS (Association for Information Systems).

Logistics

The year 2005 was busy and rewarding for Logistics. The investments in the creation of a comprehensive learning environment have clearly paid off: the Master's degree program spawned 26 new Masters' of Science, almost 40 Bachelor's theses were completed and the intake of new major students was 48. The course structure of the degree program has been further clarified and the amount of teaching in English has been increased as Logistics is becoming a part of the new HSE department. Logistics students still write Master's theses by commission from companies and public administration organizations.

The Logistics teaching received public recognition when Katariina Kemppainen was awarded a national prize for achievements in teaching economics for the best science-based course, and Kemppainen and Mikko Tarkkala were nominated as the best teaching team in the HSE. When the HSE chose two subjects to apply to the Finnish Higher Education Evaluation Council (FINHEEC) for the status of a high-quality teaching unit, Logistics was one of the applicants.

Internationally significant research activities were continued in several areas of study, the most important of which were supply network management and information systems, organization of orders, production and transport, service development, purchasing and outsourcing of operations. The publications concentrated on conference proceedings, as the researchers in Logistics presented approximately a dozen papers at the most important international conferences. A remarkable achievement was also Katariina Kemppainen's participation in the Professor Committee, which organized the first conference of the Production and Operations Management Society (POMS) Supply Chain Management College. The Improving Supply Chain Synchronization and Strategy through Industry – Academia Collaboration seminar emphasized the importance of corporate co-operation to academic research. Two doctorates were awarded from Logistics. Jouni Laine's work was on analysis of transfer services and development of container shipping services, while Katariina Kemppainen's thesis dealt with protocols for priority-based order management.

In addition to the theses, several large-scale research projects were under way, of which it is worthwhile to mention the joint survey with the TKK BIT research centre and the Tekes-funded SYSCORE project, which is studying the roles of information systems in the co-ordination of order-supply processes.

International teaching and research co-operation has continued in the CEMS community, where the Logistics subject has participated in the implementation of the joint Global Supply Chain Management course of 17 schools of economics, and doctoral training seminars as well as project courses for corporate partners. During the summer, Professor Ramesh Bollapragada from the San Francisco State University visited the Department, launching joint research projects and giving a course entitled Operations Control: Applications in Production Systems and Telecommunication. In addition to corporate projects, Logistics has taken part in public administration development projects. Katariina Kemppainen is a member of the Ministry of Finance led "Valtion hankintatoimen neuvottelukunta" (The National Advisory Board on Acquisitions) and the co-operation group on the acquisitions of education and culture administration of the Ministry of Education.

Quantitative Methods in Economics

The focus areas of the Quantitative Methods in Economics program are active high-quality research,

good-quality doctoral training, basic training in statistics and mathematics, and an advice service on quantitative research methodology. Central research subjects are the analysis of efficiency and productivity, multiple-goal optimization and decision-making, risk management and decision-making support. In decision-making support, active research has been pursued in strategic decision-making and decentralized operating environments.

In 2005, researchers in the subject published eight articles in international refereed journals and research results were referenced over 160 times according to the ISI Web of Science database.

The high quality of the doctoral training is best evidenced by the prizes for the best doctoral thesis in the HSE received by the Doctors in this subject (in 2001, 2002 and 2004) and Mikko Syrjänen's win in the 2005 European Doctoral Programmes Association in Management and Business Administration (EDAMBA) Doctoral Thesis competition. Professor Pekka Korhonen worked part-time as Director of the Graduate School and Center.

The researchers of the Quantitative Methods in Economics program gave several presentations in international conferences, organized sessions on special themes in the conferences and took part in the program and organizing committees of many conferences and working seminars. In spring 2005, representatives of the subject organized an international invitational seminar on multiple-goal portfolio problems and fuzzy logic in Helsinki with participation from top researchers from both fields.

Professor Kaisa Miettinen was invited to the Mathematics in Industry Study Group modeling seminar in Johannesburg, South Africa. Professor Pekka Korhonen worked as the Chair of the scientific committee for International Summer Schools in Multicriteria Decision Aid, and Professor Kaisa Miettinen as the secretary of the International Society on Multiple Criteria Decision Making. In addition, lecturer Tomi Seppälä Chaired the Finnish Operations Research Society, FORS. The group project led by Professor Kaisa Miettinen comprising five research units and ten companies was chosen for the Tekes' technology program on modeling and simulation (MASI). Less than 10% of applicants to the technology program were accepted.

Management Science

The research program on the application of stochastic optimization in finance was continued in Management Science. Its aim is to provide solutions to dynamic, decision-making problems containing elements of uncertainty and to apply them to practical problems pertinent to Finnish businesses.

A project-related doctoral thesis by Matti Koivu was awarded the prize for best thesis of the year in the HSE. Likewise, applications developed in the project have already been used by, for example, insurance companies for long-term financial management problems and by industrial companies as solutions to shorter-term currency risk management. The research has also continued on the development of new and practical methods for determining the value of companies, pricing of securities and their derivatives – taking into account transaction costs and differences between short- and long-term positions – and evaluating the profitability of investments on the basis of contemporary real options theory.

A co-operation project with Kopiosto, the Copyright Society, began in 2005. It surveys the teachers' needs for extra materials at all levels of education in order to study new kinds of alternatives for licensing digital media.

Technology Management

The research co-operation was continued with both Finnish (for example, the Helsinki University of Technology, the Research Institute of Finnish Economy ETLA) and foreign (for example, the London School of Economics, the University of Berkeley, the ELISS project group) partners. The research focused on corporate innovation activities and the economic mechanisms and effects of new business models. Topical questions are innovation activities in mobile phone companies and open source business models in software companies.

In addition to research co-operation, the Professor of Technology Management took part in research supporting policy decisions (regulation of telecommunications) and worked as the chair of the panel of the joint foresight project of the Academy of Finland and Tekes: Finnsight 2015 – Science and Technology in Finland in the 2010s.

Department of Marketing and Management

Annual Report 2005

Subjects: Philosophy, International Business, Marketing, Organization and Management, Economic Geography, Entrepreneurship and SME Business Management

Philosophy

The subject of Philosophy offers courses promoting business expertise and research abilities. In business expertise, the subject focuses especially on teaching business ethics. In developing research abilities, the subject uses a practical approach, which emphasizes the development of basic scientific skills, such as thinking, argumentation and skills in scientific writing and reading.

The teaching of Philosophy is founded on high-quality philosophical research. The two research projects funded by the Academy of Finland have studied the basis provided by the philosophy of science to the social sciences, particularly the connection between explication and understanding in qualitative and quantitative research (Docent Marja-Liisa Kakkuri-Knuuttila) and the social nature of research knowledge (research fellow of the Academy of Finland Kristina Rolin). The third field of research has been the ethical foundations of business activities and particularly questions about economic justice. The HSE Foundation awarded the 2005 doctoral thesis prize to fixed-term lecturer Jukka Mäkinen for his thesis examining this field of research.



International Business

The teaching in International Business is for the most part in English. The teaching emphasizes the active participation by the students and close co-operation with companies. Many of the course participants are foreign exchange students.

Two doctoral theses on the subject were defended during the year. Päivi Tossavainen's topic was organizational changes in multinational corporations in the implementation of ERP systems, and Gilad Sperling in his thesis examined the product, operation and market strategies of the so-called Born Global companies. A total of 33 Master's degrees were awarded.

During the year under review, the researchers in the subject were active in producing papers, for example, publishing in 16 international refereed journals. Articles were published in the leading journals of the field, such as Industrial Marketing Management, the International Journal of Human Resource Management, the Journal of International Business Studies, the Journal of International Entrepreneurship, the Journal of Management Studies, The Design Journal and R&D Management.

In December, the subject of International Business was well represented at the 31st Annual Conference of the European International Business Academy (EIBA) in Oslo, both in panels and in presentations of conference and working papers as well as doctoral tutorials. From the Finnish perspective, a significant event at the Conference was the highest honor – Distinguished EIBA Honorary Fellow of the Year Award – presented to Jorma Ollila, CEO of Nokia, by the Academy's Fellows.

In November, Erkki Autio, DSc (Tech), was appointed as the Professor of International Business in the field of internationalization and globalization.

Marketing

The Master's degree program invested in the supervision of Master's theses, and during the year

under review, a total of 57 Master's degrees were awarded. The thesis topics ranged widely from consumer behavior and communication to trade and marketing of industrial companies. The majority of the theses were written in co-operation with companies and other commissioners.

Moreover, a total of three doctoral theses were completed in Marketing. Hilppa Sorjonen's thesis dealt with marketing orientation of arts organizations, Arla Juntunen's thesis dealt with business development and management in the ICT branch from the network perspective and Mirjami Lehtikainen examined consumers' relationship motivation towards daily consumer goods in her work.

The subject put a strong emphasis on developing international relations and the research results were presented in more than ten international conferences. The research group, "Verkosto- ja markkinalähtöinen liiketoimintaosaaminen" ("Network and market-oriented business know-how") led by Kristian Möller, was awarded a merit from the HSE. The doctoral thesis of Eiren Tuusjärvi, DSc (Econ), entitled "Multifaceted Norms in SME Export Cooperation: A Discourse Analysis of Normative Expectations" received an award in the Europe-wide annual doctoral thesis competition organized by the EDAMBA. Professor of Marketing Mai Anttila was elected the Finnish representative on the Board of the European Marketing Academy, EMAC, for a three-year term 2005–2007.

As for societal relationships, Professor Liisa Uusitalo is a member of the Council of Ethics in Advertising, the Foundation for Cultural Policy Research and the National Advisory Board of the Finnish National Gallery. Annukka Jyrkämä, DSc (Econ), is the HSE representative in the Helsinki City Cultural Board and Docent Juhani Moisander is a member of the Finnish Association of Consumer Research. Professor Henrikki Tikkanen continues as a member of the Board of the Finnish Marketing Association, MARK. Professor Kristian Möller continued as the Chairman of the Finnish doctoral program in business studies (KATAJA).

Professor Möller also launched the "Verkottuneen liiketoiminnan tutkimusverkosto" ("Research Network of Networked Business") project, which received a grant from the Centenary Foundation of the Technology Industries of Finland. The Valuenet research project led by Professor Möller also received continued funding from the Academy of Finland's Research Programme on Business Know-how (LIIKE 2). The Professor Tikkanen led GloStra II project was launched, which examines global societal and competitive strategies and business models of the forest industry and biotechnology companies. In addition, a positive funding decision was received from Tekes for a joint StratMark project with the Swedish School of Economics and Business Administration, the aim of which is to study the impact and productivity of marketing and to prompt national discussion on raising the prestige of marketing know-how. On the part of the HSE, the project is led by Professors Möller and Tikkanen. The research network of marketing and consumer culture continued its activities headed by Professor Liisa Uusitalo.

Organization and management

The Organization and Management subject offers undergraduate degree students a main subject program that is of high quality and relevant to working life. In 2005, the planning of new Bachelor's and Master's degree programs on Management was completed.

A total of 33 Master's degrees were awarded in 2005. The quota of 45 new main subject students was filled. The highest grades for their Master's theses were received by Tea Lempiälä and Olli Kotila. The Strategic Management Society of Finland awarded the prize for the strategic thesis of the year to Timo Kippo for his thesis that was completed the previous year. Laura Kainulainen received a certificate of honor from the HSE Foundation for her laudable and exemplary studies.

During the year under review, two researchers were awarded doctorates. The topic of Samuli Skurnik's thesis was "The Transformation of the Finnish Business System – From a closed regulated economy into a bipolar globalized economy", and Sami Kortelainen's thesis "Innovating at the interface – a comparative case study of innovation process dynamics and outcomes in the public-private context".

There were approximately 25 full-time researchers in the subject, most of whom worked on outside research funding. Funding for projects in the subjects was provided by, amongst others, the EU, the Academy of Finland, the Ministry of Education, Tekes, the Ministry of Trade and Industry, the Ministry of the Environment, the Finnish Work Environment Fund and the Finnish Workplace Development Programme, TYKES.

The central research themes in the subject were the effects of globalization. An important international project in this field was the joint Global Project Strategies project of CKIR, TKK, the VTT Technical Research Centre and Stanford University. The internationalization strategies of multinational corporations and the development of their local subsidiaries were also researched.

In innovation and technology research, the research subjects included innovations in the forestry section and the position Finnish large companies hold amidst changes in distribution of labor in global innovation activities. The researchers from the subject represented the HSE in the joint Helsinki Institute of Science and Technology unit of the universities in the Helsinki region. In the field of management, Matti Nojonen's new translation of Sun Tzu's *The Art of War* received a great deal of attention.

The MERI (Management Education Research Initiative) research group examined the central questions of the professional skills of business managers. The research co-operation in accordance with a previously signed agreement between the HSE and the University of South Australia was promoted on the research group's working trip to Australia.

The Organization and Management subject took part in the expert forum activities of the Finnish Workplace Development Programme, TYKES. A program-funded "Oppimiskumppanuus oppimisverkostossa" (Learning partnership in learning networks") project was launched in Organization and Management.

In the field of human resources management, several projects were implemented. The topics included an international comparison of human resources management, reforms in personnel reporting, the research of strategic human resources and operational productivity as well as issues of well-being at work.

In the field of Women's studies, researchers in the subject organized, in collaboration with the Swedish School of Economics and Business Administration, the national Women's Studies Conference. The NASTA research project on women's leadership was launched in collaboration with the Swedish School of Economics and Business Administration, and the University of Jyväskylä. The research subjects include the development of women's leadership studies in Finland, how female managers consolidate their work, family and career, and women's technology entrepreneurship.

In the field of environmental research, the final report of the EU-funded project on sustainable home services edited by Minna Halme was published in book form. In addition, research conducted included the effects of environmental policy controls in electrical and electronic industries, and the new solutions to material service.

According to the RESCAT online database, the researchers had published in approximately 100 different publications during the year under review.

Economic Geography

Economic Geography offers a multidisciplinary, English-language degree program, the Area Studies Program (ASP), for internationally oriented students. The program emphasizes the analysis of the international operating environment particularly from a regional perspective and amongst other things from the point of view of opportunities and risks. In addition to examining the international economy and environment, the subject gives an opportunity to specialize in issues pertaining to major market areas (Europe, North America, East Asia).

A total of seven Master's degrees and one doctoral degree were awarded. The one doctoral thesis discussed investments made by Finnish companies in South Korea. In addition, a study of internationalization of Central Asia as a local process was completed in collaboration with International Business. The study was presented in a conference in Japan.

A representative from the subject took part in the activities of the Finnish University Network for Tourism Studies and participated actively in the Finnish Association for Russian and East European Studies and the Finland-Malaysia Association.

Entrepreneurship and SME Business Management

During the year under review, the Entrepreneurship subject has continued and has expanded its research co-operation with the HSE Small Business Center (SBC) and its business incubator, New

Business Center (NBC). The subject got a second professor when Markku Virtanen, DSc (Econ), began his work in SBS in Mikkeli. The research subjects have included high-potential entrepreneurship and capital investment activities, entrepreneurial know-how and the promotion of operational opportunities and internalization of new companies. The research projects have sought outside funding and financiers include the Ministry of Trade and Industry, the Employment and Economic Development Centers, and companies. In the future, research activities will be increased with the help of the international researcher network currently under construction.

A Master's degree program in entrepreneurship was launched in 2005. The courses in the Master's degree program were significantly revised. The aim was to raise the standards of the course while the coherence of the course contents and their order support the possibility for vigorous studies and fast graduation. The subject of Entrepreneurship continues to be one of the most effective subjects in the HSE both in terms of Master's and Doctoral degree production.

The subject of Entrepreneurship has a significant role in the planning and implementation of the business-related contents of the Helsinki Region Biotechnology Educational Program. Thus, the HSE brings its business know-how to bear on the multidisciplinary program implemented in co-operation with the TKK and the University of Helsinki.

An important form of activity for the Entrepreneurship unit is the annual nationwide business plan competition, the Venture Cup, because its aim is to encourage university graduates to found innovative high-potential companies. The regional support network of Entrepreneurship has committed to helping the companies generated from the competition to move onwards. The subject of Entrepreneurship continues to act as a co-ordinator between the Venture Cup and HSE students from all subjects.

During the year under review, all the unit's personnel have had a close, multi-level expert and co-operative relationship with companies, business life associations and other organizations promoting entrepreneurship, such as the Federation of Finnish Enterprises, the Ministry of Trade and Industry, Tekes, Venture Cup, Employment and Economic Development Centers, the Foundation for Finnish Inventions, technology centers and business incubators.

Interviews and articles by the unit's professors and other tenured personnel have been regularly published in key business publications and electronic media.

» [Units and programs](#)

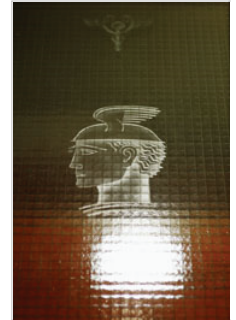
Updated Jun 9. 2006

Center for Knowledge and Innovation Research, CKIR

Annual Report 2005

The Center for Knowledge and Innovation Research, CKIR, is a phenomenon and problem-based multidisciplinary research center, which focuses on internationally high-quality research and postgraduate education. Its main themes are knowledge creation, innovative and knowledge-based global companies and technologies as well as local innovation ecosystems.

CKIR's operating principles include the strong development of the content and methods in its field of study through global university and company co-operation, the topicality of themes and the ability to recognize weak signals, as well as the internationality of policies, personnel and co-operation relationships. The CKIR combines relevant question setting from the points of view of research and business life, and transferring scientific results, their effects, and experiences arising therefrom, to science, research and innovation policies locally, nationally and at EU level.



In 2005, the CKIR concentrated on the development of three research programs, thus crucially supporting and strengthening the new research strategy of the HSE in the fields of globalization, information economics and networking:

- Knowledge-based innovative companies and their management
- Individual- and knowledge-based media and communications technologies
- Local innovation ecosystems as part of the global information economy and innovation ecosystems

Within these research programs, the CKIR succeeded in its aim of strengthening and diversifying its project portfolio by actively participating in national and especially EU research and technology projects. Through the projects, the long-term goals of increasing competence and improving visibility were also realized.

The Corporate Research Partnership program, launched in summer 2004, started off well with participation from Nokia's and IBM's Finnish and European operations. The idea is to gather together mutually complementary companies and players around innovation research related to knowledge creation and knowledge technology in such a way that it serves the creation of knowledge-based social-technological innovations for individuals, communities, urban areas, social services and administration, the development of value chains and business models, and the prerequisites of international commercialization.

Another intrinsic feature of the program is development projects with institutional clients, that is, the development of new public-private-partnership (PPP) operating models. It is essential that the public sector is brought into the activities in a new way, because the targets for growth and increasing jobs set in the Lisbon Agreement require that the public sector actors and the civic society are comprehensively tied to the innovation activities, not just as financiers but as actors themselves. Therefore, it is the aim of the program to create opportunities for research co-operation with the public sector, innovative urban areas and companies.

A good example of this kind of research co-operation is the joint project ensemble between the CKIR, partner companies, the international research network and the European Commission (IST: DG for Information Society Technology and Media: Unit of New Collaborative Working Environments) worth €40 million created in 2005. Its first objectives include piloting the European LivingLabs network's management, organization, financing, IPR, open source and other co-operation models in 2006–2013, which are needed for the construction of a multinational European LivingLabs network and later for a more comprehensive innovation infrastructure.

LivingLabs research, in which products, services, technologies, markets or even sectors of industry can be developed in collaboration with the public sector and the local residents, is a new operating model of R&D. It takes the strategic development of services, businesses and technology from the laboratories of companies and universities into the field. The operating model is a new approach in Finland and abroad to the CKIR and the whole of the higher education sector in general. Therefore, it is also an extremely challenging form of research and development with regard to methodology.

In accordance with the second objective of the project ensemble, the CKIR participates actively in activities contributing content for the Seventh Framework Programme on the EU research policy, the i2010 policy and CIP, the EU Programme for Competitiveness and Innovation.

The project ensemble includes the "Launching of The European Network of LivingLabs: The First Step Towards A New European Innovation Infrastructure (EII)" during the Finnish EU presidency. It is an official event jointly organized by the CKIR, the Prime Minister's Office and the European Commission in the Helsinki metropolitan area on 21 November 2006.

Updated Jun 1. 2006

Center for Markets in Transition, CEMAT

Annual Report 2005

CEMAT (Center for Markets in Transition) is a multidisciplinary unit, which produces know-how on the transitional and emerging markets under the rubric: "Regional business know-how and company internationalization in a globalizing world economy."

The special research areas of CEMAT are international markets in rapid transition in northwest Russia, the Baltic States, China, Malaysia and South Korea. The research into these areas aims to shed light on the central phenomena of global economics: post-socialism, the EU's eastern expansion and the "China Syndrome".

The Center operates through basic and applied research, Master's level courses, business management training and international co-operation. CEMAT's activities have a strong societal dimension, since the Center's staff are represented in international trade associations and federations as well as international academic commissions. Through its multidisciplinary profile, CEMAT for its part implements the HSE's aim of combining academically high-quality know-how with social relevance.

During its seven years of operation, CEMAT has established itself particularly in the ranks of Finnish actors in the field of East European studies.

CEMAT has a strong national profile in the development of Russia know-how in, for example, the Russia action plan of the Ministry of Education. The Center received international recognition when a Doctoral thesis completed in CEMAT was chosen by EDAMBA, a network of European Doctoral Programmes in Business Administration, as one of the ten best theses. The year 2005 saw the continuation of building a strategic alliance between the Center and the University of Joensuu, which is developing multidisciplinary Russia expertise. The alliance has progressed to the pilot phase of a joint Master's degree program on the Russian economy and its social linkages.

The mode of operation of CEMAT is multidisciplinary which ensures that the results of the basic and applied research are fully utilized in Master's education and management training. CEMAT produced training for the Ministry for Foreign Affairs funded JIPROFIN training program for Russian business management, which is part of a Russian Federation level international training program. In 2005, the Center moreover offered teaching at the HSE on the integration of the Baltic Sea area in the joint CEMS MIM program (Master of International Management) of companies and universities. In addition, the teaching was incorporated into the Finnish national university networks on Russia, Eastern Europe and East and Southeast Asia studies. CEMAT know-how has also been linked to the national university network of tourism.

Together with the HSE Marketing and communications unit, the Center organized a LTO Forum on the reality of business in northwest Russia. The Forum was a continuation on the previous year's Estonia forum. Feedback from both forums was good and it was decided that such forums would be organized also in the future. CEMAT moreover gave a speech at the 10th anniversary of the HSE's Case Unit.

In collaboration with the City of Helsinki, the Center organized a seminar on Finnish corporate activities in Estonia. The seminar took place in Tallinn. Furthermore, CEMAT organized an anniversary seminar in the HSE on the Asian economy to celebrate the 20th anniversary of the Finland–Malaysia Association.

CEMAT continued developing the national know-how on issues pertaining to Russia, the Baltic States



and Asia by taking part in the steering committees of related network universities and graduate schools. CEMAT also contributed to the discussion on the Asia action plan being drawn up by the Ministry of Education.

CEMAT represented the HSE in the St Petersburg Fund, the working group of the Finnish–Russian Commission for Scientific and Technological Co-operation, the Finland–Malaysia Association and the Finland–Republic of Korea Trade Association.

CEMAT continued its participation in the expert network of the RUSSIAinfo project initiated by the Ministry of Education, the aim of which is to construct a national Russia information portal.

CEMAT took part in international higher education co-operation by representing the HSE in the CEEMAN (Central and East European Management Development Association) and BMDA (Baltic Management Development Association) organizations.

CEMAT's research examines various international markets in a comprehensive manner. The research activities cover everything from the macro level (economic development and trade relations), to the meso level (local economies and market areas crossing international borders, study of sectors) and the micro level (adaptation of companies, international co-operation between companies). The research themes include:

- Economic development and the operational prerequisites of the business sector in northwestern Russia
- Comparison of business norms in the Baltic Sea region – the Baltic Sea as an operating environment for an internationalizing company
- The development of tourism in Finland particularly with regard to tourism from the east
- China and East Asian countries as investment targets

These themes were studied from the point of view of institutional economics. HSE students working on their theses were also involved in CEMAT projects. The research was funded both by the public and the private sectors and projects were realized particularly for Sitra, the Ministry of Trade and Industry, the Ministry for Foreign Affairs, the Academy of Finland, and various foundations and companies. CEMAT also implemented research and training projects in collaboration with HSE departments (international business, economics) and independent institutes (SBC).

The research into neighboring regions was continued by co-ordinating the Ministry for Foreign Affairs funded Economic Monitoring of North-West Russia project, which is realized jointly by five Finnish and six Russian research units. The Tourism Potential of Southern Finland project was continued with a study on Russian tourists. Work on a doctoral thesis on the St Petersburg hotel sector also continued. A research project on women entrepreneurs in Finland and St Petersburg, as part of the research on Finnish-Russian company networks, was completed, and the project continues with a comparative project in Karelia. Completed projects included studies done in collaboration with the Lappeenranta University of Technology on the retail sector in northwest Russia, and the potential that northwest Russia presents to southeast Finland.

A project belonging to the theme of economic effects of the EU's expansion to the east saw the completion of a comparison of the twin cities of Helsinki and Tallinn, Imatra and Svetogorsk, and Tornio and Haparanda. In addition, comparative research into Finnish companies' Baltic operations and the business norms in the Baltic region countries was continued, and the Baltic States were assessed as a domestic market area for Finnish companies.

Asian research continued with a research project on Nordic investments in East Asia. Researchers, who had transferred to CEMAT, defended their doctoral theses on the economic relations between the EU and the Association of Southeast Asian Nations (ASEAN), and Finland and South Korea.

In 2005, 13 researchers and research assistants worked in CEMAT. In addition, project researchers, visiting scholars from Poland and Slovenia with funding from the Academy of Finland, and a Fullbright scholar from the United States worked in the Center. CEMAT and the HSE Small Business Center have a joint representative in St Petersburg.

LTT Research Ltd

Annual Report 2005

The year 2005 proved challenging for LTT. The volume of operations remained practically the same as in the previous year but its profitability decreased considerably. This was due first and foremost to the unexpected passing away of the long-time CEO of LTT and the resultant period of uncertainty, for example about the nomination of the new CEO, which lasted the better part of 2005.



Among the successes of the year under review are the completion of a work strategy begun earlier and the complete reform of the organizational structure and responsibilities of the personnel. The work strategy provides a basis for significantly improving financial performance in 2006. This means concentrating on consultation aimed at private companies. The projects are confidential in nature and they aim to offer concrete assistance in developing the business of the clients. One of the aims of the organizational reforms has been to multiply the number of personnel involved in development who also have sales responsibilities.

One of the major events in 2005 was the launch of LTT's international activities. In the autumn, LTT opened offices in Shanghai, China.

LTT continued to implement multiple client research, which concentrated on the conceptualization of new business models and various themes pertaining to different forms of networking and management of the customer interfaces, among others. The projects were challenging, interesting and demanded wide-ranging know-how. In connection with the projects, LTT had the opportunity to co-operate with other universities and international partners.

In 2005, the projects dealt with corporate growth strategies and business models, pricing and development of marketing, development of human resources management, rationalization of processes and improvement of profitability, as well as consultation on competition legislation. In addition, LTT implemented a significant number of projects for the public sector. These projects comprised, for example, analyzing the economic effects of given measures as well as evaluating various programs and drawing up industrial policy surveys.

The outlook for the year 2006 for LTT is promising. According to current estimates, both the turnover and business profit of LTT will increase considerably over the year under review.

Updated Jun 1. 2006

Open University

Annual Report 2005

The Open University provides an opportunity to complete individual courses corresponding to the basic university education. During the year under review, the target set for the number of students in the Open University was reached. In Helsinki, 107 courses were organized, in Mikkeli 14.

It is possible to take part in many degree courses. In 2005, a total of 1,162 (previous year: 1,160) Open University students took part in 202 degree courses or literature exams. Almost one in five Open University students studied in degree studies.

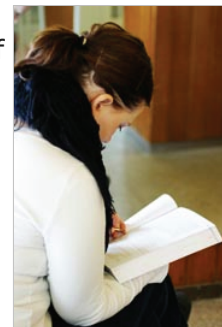
The overall number of students in all courses was 6,102, of which 5,790 studied in Helsinki and 312 in the Mikkeli unit. The number of persons participating in the studies was 2,406 in Helsinki and 175 in Mikkeli. There is a slight decrease in the overall student number when compared to the previous year. This was mostly due to the degree reform, as a result of which not enough courses could be accommodated in the curriculum in the fall semester.

During the year under review, the summer school teaching of the university was again wholly organized by the Open University. The amount of summer teaching increased somewhat from the previous year. There were 40 courses and seven literature exams. All in all 1,786 persons took part in the teaching.

On the basis of their studies in the Open University, 41 persons were accepted as full-time students in the HSE, which is more than ever before. Of these 35 were accepted in Helsinki and six in Mikkeli.

A great deal attention is paid to maintaining the high level of teaching and student performance, which equal that of degree education, of the Open University. The majority of teachers work as teachers on the actual degree courses as well. The visiting teachers are moreover accepted by the teaching and research departments and co-operate with the teachers responsible. Exams are often organized jointly with the degree education. On some courses, extra supervisory lessons are organized and student feedback from the courses is effectively utilized in developing teaching.

The Open University co-operates actively with the other Finnish universities, for example, on the development of online services, quality systems and administrative practices. It has representation co-operation bodies, the forum of the Open University and the working committee, which aim at developing the open education in universities.



INDICATORS ON THE STUDENT NUMBERS OF OPEN UNIVERSITY 2000–2005

	Students (individual persons)	Participation on course	Computational number of full-time students
2000	1742	4000	413
2001	2210	5093	512
2002	2294	5289	541
2003	2463	5807	594
2004	2693	6363	646
2005	2581	6102	603

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MBA program

Annual Report 2005

The year 2005 was the 21st year of operation for the MBA program. The program received a new director in July, when **Juhani Vaivio**, DSc (Econ), started in his new post. During the year under review, two full-time and one part-time MBA classes started their studies.



June saw the annual graduation ceremony. The keynote speaker at the event was Mining Counselor **Christer Ahlström**. At the graduation, 85 new MBA recipients received their diplomas.

In December, the second MBA Strategy Cruise was organized, in which "in which groups of MBA students drew up strategies for two companies. This time the corporate partners were Silja Line and Bat, and Silja Line sponsored the premises for the event. The feedback from the companies about the event was very positive.

MBA alumni activities have increased and become more varied. During the year sub-alumni organizations were founded in China and Canada. The international sub-organizations are particularly important for keeping the HSE alumni spirit alive, because 60% of MBA students come from abroad.

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Updated Jun 1. 2006

BScBA program

Annual Report 2005

The HSE's Mikkeli Business Campus Bachelor's Degree Program in International Business (BScBA) continued to assert its position as a genuinely international study alternative. The intensive, module-based teaching is primarily handled by visiting foreign professors.

In 2005, a total of 53 Bachelors of Science in Business Administration and three BBAs graduated from Mikkeli. The program has its own student selection process and last year saw a record number of applicants, 420 in all. A total of 96 students began the new term, six of whom were selected on the basis of their studies in the Open University. In addition to the actual intake quota, 14 students, who had postponed the commencement of their studies the previous year, began their studies.

International student exchange is a key part of the BScBA degree in Mikkeli. Last year, 54 students left for student exchange in 27 foreign universities. Mikkeli Campus was in turn visited by 52 foreign exchange students. During the year, one new exchange agreement was signed with a new foreign university. All in all, Mikkeli has exchange agreements with 49 foreign universities. Internationalism was moreover promoted by taking part in the Canadian-European Community Program for Co-operation in Higher Education and Training (CEMEC) project (2003-2006).

The unit participated actively in the preparation of the degree in accordance with targets and schedules set by the HSE, and the first-year studies begun in autumn 2005 were organized according to the new degree structure. The unit library moved into new premises.

The regional impact was promoted through the operation of the Mikkeli University Consortium in collaboration with other regional university units. The students, for example, collaborated with visiting professors on research projects for local enterprises.

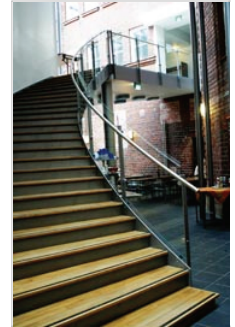
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- » [Units and programs](#)

Updated Jun 1. 2006

HSE Executive Education Ltd

Annual Report 2005

HSE Executive Education Ltd. (JOKO) is a subsidiary of the HSE, and provides executive education. The HSE Executive Education offers open-enrolment and company-specific development programs and solutions. These are developed in co-operation with the teaching and research personnel of the university taking into consideration, on the one hand, the strengths of the research and teaching in the university, and on the other hand, changes in educational demands. In 2005, the well-known brands JOKO® and Executive MBA retained their positions as long-standing programs of high quality. In addition to Helsinki, the EMBA program is offered in Singapore, Korea, China, Taiwan and Poland. New EMBA co-operation universities were chartered in 2005.



To widen the spectrum of products offered, co-operation talks with selected HRD consulting companies were begun. In addition, surveys into new market areas were launched. Finding new business opportunities is the responsibility of the New Ventures Director, who started in August. The operations of the foreign subsidiary, the HSE Executive Education Pte Ltd, founded in 2000, continued, in addition to Singapore, in China and Taiwan. In 2005, the subsidiary grew with increased focus on company-specific programs.

JOKO Executive Education Ltd.'s (parent company) turnover was approximately €5.4 million and profit after taxes approximately €290,000. The turnover of the JOKO group in 2005 was approximately €6.8 million and profit after taxes €450,000.

The company continues to build its excellent reputation and brand name and was ranked number one for the 8th time running in Taloustutkimus' corporate image survey for executive education (Greater Helsinki region). In the Financial Times Executive Education 2005 ranking, the company was ranked number 15 in Europe.

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Updated Jun 1. 2006

Small Business Center

Annual Report 2005

The Small Business Center (SBC) is a unit specializing in promoting and developing SMEs, and it works in close co-operation with entrepreneurs and SMEs both locally and nationwide. Business science knowledge is transmitted for the benefit of the SMEs of our country through the means of education, business incubators and research. The operation of the Small Business Center was closely connected with the implementation of the national entrepreneurship program. In autumn 2005, the Small Business Center celebrated its 25th anniversary.



During the year under review, approximately 3,200 students took part in the Small Business Center educational programs, there were almost 1,500 realized course days and approximately 20,000 trainee days. The turnover of the unit was €5.3 million and the number of personnel at the end of the year was 53. The Small Business Center has offices in Mikkeli, Helsinki, St. Petersburg and Tallinn. Thus, the SBC can promote business in the Baltic Sea region in a very varied manner.

The national education activities focused on business know-how of SMEs were further enforced. Programs aimed at SMEs were implemented all over Finland at 15 different locations. Of the geographical regions, it is worthwhile to mention particularly Uusimaa, Savo, Central Finland, Häme and Pirkanmaa.

In the metropolitan area, the Small Business Center has further extended its education portfolio to entrepreneurs and the personnel of the SMEs. The education activities were moreover undertaken in areas outside our borders, in Russia, Estonia and Latvia. A common thread running through programs implemented abroad is the promotion of Finnish SMEs' international activities in the countries in question through education and development activities.

The SBC activities increased for their part positive attitude towards entrepreneurship and the number of new companies as well as the development of SMEs by enhancing the operational readiness of the management. During the year under review, the participants in the SBC entrepreneurship programs (overall more than 1,000) founded approximately 200 new companies. The program supply for academic entrepreneurship and the number of participants increased significantly.

Approximately 900 managers from SMEs and other organizations participated in the management programs. There were approximately 500 participants in programs promoting internationalization and export. The development work centered in St. Petersburg promoted the Russia trade of approximately 100 Finnish companies. Both the management and internationalization programs had a concrete effect on the business know-how and the enhanced foreign operations of the companies. Therefore, during the year, the success of over a thousand Finnish companies has been positively affected through the management and internationalization programs. In addition, through company-specific programs and the Open University, dozens of companies and several hundreds of private individuals have been educated in business know-how.

The research activities of the Small Business Center developed positively due to the new chair in entrepreneurship in Mikkeli and new researcher posts. The research projects focused on high-potential entrepreneurship, internationalization of SMEs, Russia trade and research serving the educational activities.

Business incubators in Helsinki and Mikkeli supported the founding of companies of the university graduates and other people with higher education. At the end of the year, there were almost 40

companies with almost 120 staff operating in the business incubator NBC (New Business Center). The NBC has proved to be a well-functioning method for promoting academic entrepreneurship. Over 100 new companies have been hatched in the incubators.

During the year, the Small Business Center participated in numerous international research and development projects in co-operation with other EU SME educational and development organizations.

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Updated Jun 1. 2006

HSE Foundation

Annual Report 2005

The year 2005 was the 31st anniversary of the HSE Foundation. During the year under review, the HSE Foundation gave €1,011,000 (in 2004 €986,000) to the HSE and those operating within it in grants and other support with the aim of supporting research and teaching as well as studies. The focus areas of the support were scientific research, theses, travel grants, international student exchange, teaching development projects, the sabbatical leave system and various awards.

The award for a research group went to the "Verkosto- ja markkinalähtöinen liiketoimintaosaaminen" ("Network and market-oriented business know-how") led by Professor **Kristian Möller**. The grounds for the decision were a significant scientific work in order to create and develop comprehensive research groups, and participation in the development of research activities across subject boundaries.

The award for the researcher of the year went to Professor **Matti Keloharju** for significant scientific output and development of the research in the field of finance. The award for the study supervisor of the year went to Professor **Pekka Ilmakunnas** for significant investment in postgraduate supervision in 2004.

The Doctoral thesis award of the year was given to **Matti Koivu**, DSc (Econ), for the most outstanding doctoral thesis of 2004, "A Stochastic Optimization Approach to Financial Decision Making". In addition, awards for merit for high-quality doctoral theses were awarded to **Satu Nurmi**, DSc (Econ), for "Essays on Plant Size, Employment Dynamics and Survival" and to **Jukka Mäkinen**, DSc (Econ), for "John Rawlsin oikeudenmukaisuuskäsityksen merkitys normatiiviselle taloustieteelle" ("The Significance of John Rawls' Theory of Justice to Normative Economics").

The teacher of the year award was granted to senior assistant **Katariina Kemppainen** and assistant **Mikko Tarkkala**, and the award for merit to the administrator of the year went jointly to education planner **Riitta Peltonen** and head of study affairs **Margareta Soismaa**.

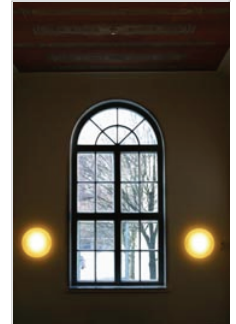
New forms of support were awards for merit for high-quality publications, that is for research papers published in top academic journals. The award is a recognition of particularly laudable and persistent research – a top performance. The award was given for research papers published since the beginning of 2005. A top journal was determined as being a journal, the official impact factor of which is over 0.5 and from the beginning of September a journal with an impact factor over 1.0. The first time around, in autumn 2005, eleven quality publication awards were granted.

In addition to property returns, donations from companies, other communities and private individuals comprise a significant portion of the HSE Foundation grants and other support. In 2005, the Foundation received various thesis and activity donations to the sum of €268,000. In addition, the capital of the PricewaterhouseCoopers' special fund increased by €25,000 due to additional investment by the company.

The Administration of the HSE Foundation 2005

The Chairman of the HSE Foundation Delegation Counselor of Commerce,
Heikki Timonen, MSc (Econ)

Deputy Chairman Assistant Managing Director,
Pauli. K. Mattila, LL.D.



The Chairman of the Board of the HSE Foundation
Aatto Prihti, DSc (Econ)

Deputy Chairman
Matti Lehti, Chancellor, DSc (Econ)

Members of the Board
Ahti Hirvonen, DSc (Econ) h.c.
Veikko Jääskeläinen, DSc (Econ)
Eero Kasanen, Rector, DSc (Econ)
Maija Torkko, Senior Vice President, DSc (Econ)
Matti Vuoria, CEO, LL.M.

Managing Director of the Foundation
Arto Mäenpää, MSc (Econ)

» [Annual Report 2005](#)

Updated May 30. 2006

Key information

Annual Report 2005

Chancellor

Matti Lehti, Chairman of the Board, Tietoenator Corporation

Rector

Professor Eero O. Kasanen

Vice-Rectors

Professor Olli Ahtola, and
Professor Timo Saarinen

Administrative Director

Esa Ahonen



The administration of the HSE is based on the so-called tripartite principle, which means that, in the most important decision-making bodies, the professors, other personnel and the students have a representation of one-third each. Helsinki School of Economics is Finland's largest unit providing academic business education and research. The university awards degrees of Doctor of Science (Economics and Business Administration), Doctor of Philosophy, and Licentiate, Master and Bachelor of Science (Economics and Business Administration).

From its establishment in 1911, a total 12,596 Bachelors, 9,814 Masters, 312 Licentiates and 266 Doctors have graduated from the HSE to serve Finnish and international business communities.

PERSONNEL

The development of the HSE personnel 2003–2005:

2003 2004 2005

459 469 474

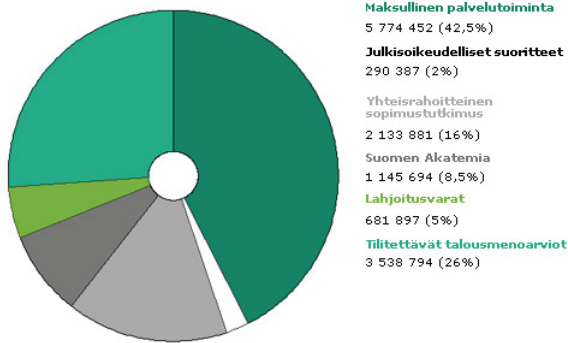
FINANCE

Revenue

In 2005, the university received overall approximately €37.1 million in funding, of which €23.5 were from the State Budget Operating Expenditure funding and €13.6 from outside funding. Thus, the share of outside funding in 2005 was approximately 37%. In the future, its significance in the funding of the operation of the university will increase further.

Outside financiers included various foundations and funds, ministries, companies, the Finnish Funding Agency for Technology and Innovation, the Academy of Finland and the European Union. The share of chargeable services in the outside funding was €5.8 million. The share contributed by the Small Business Center and the MBA program to this was approximately 61%.

Ulkopuoliset tulot rahoituslähteittäin 2005 (€)



Expenditure

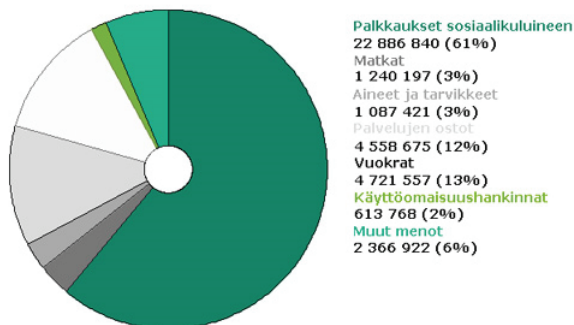
In 2005, the overall expenditure of the university was approximately €37.5 million (including the transferable allocations). Operating expenditure accounted for 68% of the allocated funds (€25.6 million) and the share of expenditure covered with outside funding was 32% (approx. €11.9 million).

The share of co-financed activities in the expenditure covered with outside funding was approximately €2.1 million (16%). In 2005, a total €1.15 million of funding from the Academy of Finland was used. The Finnish Funding Agency for Technology and Innovation has gained importance as a financier alongside other public funding bodies.

Types of expenditure

The share of salary expenditure of the overall expenditure of the university was approximately 61%. The two second most expensive items were rents (13%) and services acquired (12%). In 2005, approximately €0.6 million was spent on fixed asset acquisitions, the majority of which (€0.4 million) were investments in ICT, software and networks. A total of €0.2 million was spent on furnishings and other acquisitions. The distribution of expenditure by types of expenditure has not changed significantly compared to previous years.

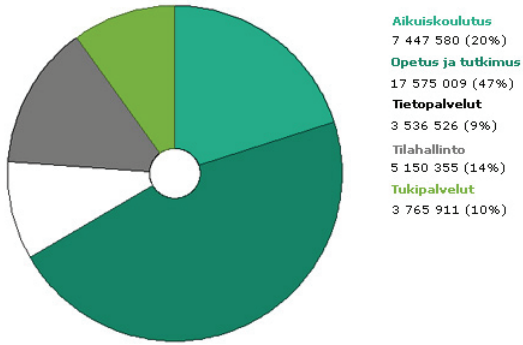
Menot menolajeittain 2005 (€)



Expenditure by activity

The overall expenditure increased by approximately €1.4 million from 2004. Teaching, research and adult education expenditure increased by €1.2 million. The information and support service expenditure increased by €0.3 million, whereas facilities management expenditure decreased. However, as for the distribution of expenditure by activity, there has been no significant change.

Menot toiminnoinnain 2005 (€)



The HSE companies

HKKK Holding Ltd. administers and develops the business activities of the HSE. The company owns the further education institute, HSE Executive Education Ltd. (JOKO) and the applied research institute, LTT Research Ltd. In addition, HKKK Holding Ltd. is a minority partner in Helsinki Consulting Group Ltd. In 2005, the turnover of the group was approximately €9.8 million.

Updated Jun 7. 2006

The Illustration of the Annual Report 2005

Helsingin kauppakorkeakoulun vuosikertomus 2005

The annual report is illustrated with a series of photographs depicting everyday life in the Helsinki School of Economics in 2006. The majority of photos have been taken in the main building, the façade of which is adorned with Mikael Schilkin's relief "Merchants". Additional photography is from the Arkadia, Chydenia and library buildings of the Helsinki School of Economics. The photos has been taken by photographer Aino Huovio.

Updated May 29. 2006