

FACULTY OF MANAGEMENT

HERCEG NOVI

EVALUATION REPORT

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1. Introduction

This report is the result of the evaluation of the Faculty of Management, Herceg Novi. The evaluation took place in the framework of the project 'Higher Education and Research for Innovation and Competitiveness' (HERIC), implemented by the government of Montenegro with the overall objective to strengthen the quality and relevance of higher education and research in Montenegro.

While the institutional evaluations are taking place in the context of the project, each university or faculty is assessed by an independent team, using the IEP methodology described below.

1.1 Institutional Evaluation Programme

The Institutional Evaluation Programme (IEP) is an independent membership service of the European University Association (EUA) that offers evaluations to support the participating institutions in the continuing development of their strategic management and internal quality culture. The IEP is a full member of the European Association for Quality Assurance in Higher Education (ENQA) and is listed in the European Quality Assurance Register for Higher Education (EQAR).

The distinctive features of the Institutional Evaluation Programme are:

- A strong emphasis on the self-evaluation phase
- A European and international perspective
- A peer-review approach
- A support to improvement

The focus of the IEP is the institution as a whole and not the individual study programmes or units. It focuses upon:

- Decision-making processes and institutional structures and effectiveness of strategic management.
- Relevance of internal quality processes and the degree to which their outcomes are used in decision-making and strategic management as well as perceived gaps in these internal mechanisms.

The evaluation is guided by four key questions, which are based on a "fitness for (and of) purpose" approach:

- What is the institution trying to do?
- How is the institution trying to do it?
- How does the institution know it works?
- How does the institution change in order to improve?

1.2 Profile of the Faculty of Management, Herceg Novi (FMHN)

The Faculty of Management Herceg Novi (FMHN) commenced operation as a private higher education institution in the academic year 2009/2010 when it enrolled its first students. As a higher education institution and private faculty, FMHN is subject to the legal stipulations of the Law on Higher Education (2003) and the amendments to the Law on Higher Education (2010). All such institutions are required to be accredited/re-accredited and licensed to deliver higher education programmes. The faculty obtained initial accreditation for basic studies (at bachelor level) from the national Council for Higher Education in May 2009 and gained its license as a higher education provider from the Ministry of Education and Science in May 2010. Subsequent accreditation, for postgraduate specialist study and for postgraduate Master study, was achieved in June 2012, while re-accreditation of basic studies was granted in April 2012.

The faculty, which is under the private ownership of five prominent local business people and academics, is situated in Herceg Novi, an important regional location, particularly for Adriatic tourism. In accordance with the law on higher education, FMHN is largely autonomous for its budget and organisational planning matters, the establishment of its management structure and arrangements for teaching and research. The faculty is therefore responsible for its own self-government and for the implementation of its own strategies, policies, and development plans.

At a national level, Montenegro has signed the Bologna Declaration in 2003. This prompted the higher education reforms of the 2003 higher education law that provides the framework under which all higher education institutions continue to function. Today, there is one public university in Montenegro, two private universities, and seven independent private faculties, one of which is the Faculty of Management, Herceg Novi. Of the 25,000 or so higher education students in Montenegro, some 5,000 are enrolled at private HEIs, of which around 370 are enrolled at FMHN.

1.3 The evaluation process

In accordance with the IEP methodology and guidelines, and in advance of the first visit, a 26-page self-evaluation report (SER), together with appendices, was sent to the evaluation team in January 2014. The SER presented information on the institutional context, mission and vision, academic profile, governance and management, and quality assurance arrangements. It was helpfully structured with reference to the IEP four key questions. The SER included a SWOT analysis and was accompanied by 11 annexes, including some information on institutional strategic planning and goals, an organisational chart, data on student and staff numbers and financial matters, infrastructure, student mobility, and information on faculty rules and regulations.

The self-evaluation process was undertaken by a six-person self-evaluation team appointed by the dean. The team was chaired by Professor Danijela Milošević, Vice Dean with responsibility for academic affairs, and included two student representatives. All staff, both

teaching and administrative, were involved in the self-evaluation procedure and were informed of the IEP methodology and of the importance to the faculty of the IEP evaluation; students were able to give their input into the preparations. The self-evaluation documentation was made available on the FMHN web pages and all staff was sent a self-evaluation checklist. The self-evaluation team held ten meetings in preparation for completion of the SER.

The evaluation team greatly appreciated the work carried out in preparing the SER and the accompanying documentation, and found them to be of great assistance in enabling them to undertake their deliberations. From meetings with staff and students it became apparent to the evaluation team that there was a reasonable awareness of the broad nature and purposes of the site visits, and the evaluation team members were warmly and openly received at all levels of the academic community.

In its review of the SER, the evaluation team formed the view that, while it provided an honest and helpful basis to undertake the evaluation activities, and contained much useful information and data, it was somewhat descriptive. Although it contained some self-evaluation and critical reflection, it did not provide sufficiently clear pointers to areas where the faculty wishes to improve. One area of particular note is that, aside from the SWOT analysis, the SER did not provide sufficient information on the faculty's capacity for managing change. That being said, the helpful discussions and open dialogue with the faculty during two visits greatly assisted the evaluation team in their deliberations.

1.4 The evaluation team

The two visits of the evaluation team (hereinafter, the team) to FMHN took place on 4 to 6 March and on 13 to 15 May 2014, respectively. For its second visit, the team requested some additional information and documentation regarding the faculty's strategic goals and strategic planning; student evaluations; Student Parliament activities; staff workloads; student-staff ratio (SSR); the student registration period; research outputs; collaborative agreements, and joint projects. These requests related to issues discussed during the first visit but which were not fully reflected in the SER. This additional information was provided several weeks in advance of the second visit and covered the issues identified by the team in a helpful manner.

The evaluation team consisted of:

- Finn Junge-Jensen, former President, Copenhagen Business School, Denmark, (Chair)
- Simona Lache, Vice Rector (Internationalisation and Quality Evaluation), Transylvania University of Brasov, Romania
- Erazem Bohinc, Student, Master of Law, European Faculty of Law, Slovenia
- Jethro Newton, former Dean, Academic Quality Enhancement, University of Chester, UK (Team Coordinator).

The evaluation team would like to express its sincere thanks to the FMHN Dean, Professor Siniša Kusovac, for the welcome and hospitality provided during their two visits. Special thanks are also offered to the faculty's liaison person Faculty Secretary Ružica Marjanović for her excellent work in ensuring the smooth running of all aspects of the process and for her kind support throughout.

2. Governance and institutional decision-making

Vision, mission, and general context

The vision of the faculty is to attain the highest position amongst equivalent institutions, regionally and nationally. The team learned that, to achieve this vision the faculty sought to create a quality system that enables effective monitoring of courses and continuous quality improvement in teaching. The team noted that in accordance with its vision, the faculty's mission is to become a leading provider in the field of business and management, and to train highly skilled and creative professionals in hotel and tourism studies and in specialist fields such as finance and accountancy. FMHN aspires to the standards found in developed European management and business schools and universities, and to be part of mainstream European development.

During their discussions with senior managers and with FMHN owners, the team took the opportunity to explore further these matters relating to vision and mission. The team learned that a key motivation for the faculty's future growth and sustainability is the strategic aspiration to collaborate with other regional higher education providers, and to seek university status. With this in mind, in the view of the team, despite its short history, the faculty has made good progress in developing its regional role. Through building strong connections with the region and the local community, the faculty has shown a determined entrepreneurial spirit. In the view of the team this spirit will serve the faculty well going forward as it seeks to take advantage of the opportunities which foreign investment may bring to the region in the immediate future, and of opportunities for regional collaboration with other higher education providers.

Nevertheless, the team noted that, as a private higher education faculty under national higher education legislation, FMHN is subject to significant external constraints in matters such as making academic staff appointments and conferring academic titles, and in organising third-cycle studies and offering doctoral provision. Furthermore, the size of the faculty and its short history as a private higher education institution in the former Yugoslavia means that it faces noteworthy resource and funding challenges if it is to become a viable institution in the longer term. The team noted from the SER that a relatively low level of interest in higher education traditionally amongst the population, a poor regional economic and market situation, and the uncertainties of the recent past, all combine to present the faculty with on-going challenges. Also, as a faculty that specialises in management and business studies, it faces a high level of competition from institutions with similar provision and expertise. Indeed, from the team's perspective, the challenges of establishing the "brand" of a higher education faculty, which is focused on management studies, albeit with reference to specialist areas such as tourism, finance, and accounting, are not insignificant. This is an area of vulnerability and challenge for the faculty, as is the apparent prejudice regarding private higher education providers in the perception of the public that was brought to the team's attention.

In addressing future challenges, the team identifies six strategic priority areas for the faculty:

- Governance, decision-making and planning
- Learning and teaching
- Research
- Service to society
- Quality culture
- Internationalisation

Governance and management

The SER and other documentation made available to the team provided an informative picture of the governance, organisational management, and strategic planning arrangements at the faculty. In broad terms, the organisational portrait presented there reflects FMHN's relatively recent establishment as a higher education provider. The team has been able to explore the use made of these institutional arrangements in a series of helpful meetings with the faculty's senior managers, staff, students and external stakeholders.

In contrast to a university faculty, which operates within restrictions in its sphere of competence, FMHN is a legal entity. In accordance with the national law on higher education, private faculties have substantial autonomy in terms of management structures, and are able to manage these structures and staff participation in accordance with the faculty's own Statutes. The faculty is able to define its own profile in teaching, research, and innovation. Governance and management are regulated by the faculty's Statute, including the principal decision-making bodies.

The decision-making bodies include the Faculty Assembly, the faculty's principal governance body. Its members are the authorised representatives of FMHN's founders and owners. This body determines the budget, agrees the faculty's financial plan, and issues the annual financial statements. In turn, the main responsibility of the Steering Council, which is subordinate to the Faculty Assembly, is to act as a management board. It prepares a draft budget, implements the finalised budget, and exercises oversight of the income and expenditure. The principal academic governance body, the Faculty Council, holds responsibility for academic affairs, and for teaching and scientific research. As such, this council, chaired by the dean and including academic staff and student representation, is charged with responsibility for developing academic strategy, including new study programmes and supporting academic activities.

For management purposes, the senior responsibility resides with the dean, now in his second term of office. The dean manages and organises the faculty, and carries out all legal actions in accordance with the faculty's Statutes, and with the decisions of the Faculty Assembly, the Steering Council, and the Faculty Council itself. The dean also proposes the business plan to the Steering Council.

The team noted that there are good opportunities for student representation. These arrangements include both formal and informal student engagement, and an effective and active Student Parliament. Students are represented on the Faculty Council and the Steering Council and are elected to these councils as well as to the Student Parliament on an annual basis. The team heard and saw evidence that these arrangements appear to be working well, both from a student and faculty point of view. The list of Student Parliament activities that was drawn to the attention of the team indicated that this body functions well as a means of representing the student voice.

In considering the functioning of these formal, legal arrangements the team formed the view that the governance, management, and organisational culture of the faculty reflect its short history and also its status as a private faculty. On the one hand, the team noted that the faculty's owners and the top governing body (the Faculty Assembly) take a close interest in matters of strategy. On the other hand, however, from the point of view of academic governance, the team learned that while there is regular contact between the dean and the faculty's owners, the owners and Faculty Assembly are content to leave the operational functioning and the leadership in academic affairs in the hands of the dean. The team noted, therefore, that the investors are content to remain largely "at a distance" in day-to-day management matters.

While the size of the institution dictates that much is centralised in terms of administrative and financial matters, the team noted that the dean showed a willingness to devolve responsibility wherever this could be achieved. Furthermore, the team was impressed during both evaluation visits by the leadership qualities of the dean, who is much respected by staff and by students, and by the willingness of the faculty to engage in open discussion on matters of interest to team members. The team observed that the organisational structure and leadership depend to a marked degree on the hiring of experienced professors who are also employed at other higher education institutions in the Balkan countries and that this is unlikely to change in the near future. Important expertise is thereby made available in areas such as research, quality assurance, and international affairs. Despite this present dependency on external expertise, and reflecting on all of these matters, the team formed the overall view that the faculty functions as a cohesive academic community with a strong collegial culture, and loyalty on the part of staff and students for the purposes and identity of the organisation. In the view of the team, the dynamics of the relationship between the dean, the Faculty Assembly, the Steering Council, and the Faculty Council, are such as to give confidence in organisational and governance matters and reflect positively on the effectiveness of the faculty's decision-making and its capacity for managing change going forward.

Academic organisation

The faculty's academic organisation is relatively uncomplicated. The faculty delivers four study programmes covering four "basic" or bachelor fields, in the areas of tourism and hospitality; finance, accountancy, and banking, taxation and insurance; and business

informatics and electronic business. Since 2012/2013, FMHN has been permitted to offer one-year Postgraduate Specialist (Spec. Sci.) and Masters (MSc) in business management. At the time of the team's visit, figures showed a total of around 374 students, of whom 89 were in the latter two categories. The team noted that annual student recruitment numbers are limited by the state, to 250 undergraduate and 50 postgraduate students.

The team was informed that 28 staff members are engaged in teaching, of whom 11 are full professors, five are associate professors, and 12 are assistant professors. In addition, the faculty employs 20 assistants and five administrative staff, making a total staff complement of 53. The team noted that while the age profile exceeded typical European norms for higher education institutions, the gender profile fell short.

The team also sought to clarify the student – staff ratio (SSR) that applied at the time of the IEP visit. Information was provided on staff numbers and deployment, and the employment commitments at other higher education institutions of academic staff engaged at FMHN, as well as on tenure (full-time, part-time, permanent). However, as this was not presented in “full-time equivalent” format, it was not possible for the team to determine the SSR. Indeed, it was apparent to the team that the faculty does not calculate the “true” SSR. This would require that such calculations, if they are to be sufficiently robust, would need to take full account of the specific workloads/teaching hours of all teaching staff and for each of these to be converted to a full-time equivalent prior to being used in calculations involving student numbers. Current practice, therefore, does not appear to allow the calculation of a true SSR.

Strategic planning and organisational development

During their enquiries, the team was provided with helpful information relating to the faculty's strategic goals and supporting activities. The team noted that, reflecting FMHN's plan to be a centre of excellence in the field of business and management with relation to tourism, planning documentation contained an important strategic focus on meeting market needs and on contributing to the development of the regional environment. However, although the team was provided with the 15 strategic goals used by the faculty to guide its future, the Institutional Strategic Plan itself, made available in summary form, provided no information on specific targets or measures of progress, and no pointers as to how progress against each of the 15 goals was being measured or by whom. Moreover, the plan contained no key performance indicators or priorities. Indeed, although, as already noted, the team learned that one strategic aspiration, which is at the top of the faculty's priorities is the desire, with the involvement of other regional partners, to seek university status at some point in the future, this aspiration was not expressed in any of 15 strategic goals identified to the team.

In the team's judgement, therefore, despite receiving further information on strategic planning in advance of their second visit, the faculty will be well served if it undertakes more work and reflection in the area of strategic planning. This will be vitally important if FMHN is to position itself as a leading business and management school, not only in the immediate region but also in Montenegro and the wider Balkans region. In the view of the team, this is

the main strategic goal that the faculty should work towards. Therefore, if the faculty is to achieve its principal strategic aim of distinguishing itself as the best business school in Montenegro, the team advises that the realistic horizon for FMHN should be over a ten-year period. For the immediate term, the team recommends that the faculty builds on its work to date in this area and draws up a three-year strategic plan containing a set of key performance indicators (KPIs) and related targets against which progress can be measured and monitored in a transparent manner. This should be supported by a published annual report, which highlights the major achievements and milestones for each phase of the planning period.

Finance and resources

The team's enquiries in the areas of governance and planning led them to consider arrangements for finance and resourcing. The team noted that the faculty's income is almost exclusively drawn from student fees, although this is supplemented by income generated from external projects and collaborative arrangements, including industry and European sources. For income and funding purposes the faculty is now financially independent from the owners. There is no financial support from government or from any foundations. Fee income, set at 1 200 EUR for undergraduate and 1 500 EUR for postgraduate, is relatively predictable in theory, though as a consequence of the economic crisis a proportion of students fall behind with payments, thereby reducing the reliability of fee income to a degree. Some higher-grade students qualify for fee exemption or fee reduction.

The team learned that funding decisions are regulated by the Faculty's Statute, and the dean acts in accordance with this financial framework. The overall resource envelope is provided by the Faculty Assembly within this framework, while the budget is formed by the Steering Council. The dean is permitted to authorise expenditure up to a maximum of 5 000 EUR, after which matters are referred to the Steering Council for decision-making purposes. The dean is also required to complete an annual financial report for consideration by the Steering Council, and to prepare proposals for the council at the beginning of each financial year relating to income and expenditure for the faculty, and for any new initiatives. The team noted that all financial accountancy operations are conducted through an external financial audit agency. From the team's perspective, the prevailing arrangements for finance, resourcing, budget formation, and budget allocation, are well understood and work well.

3. Teaching and learning

The team looked closely at learning and teaching matters and noted that students viewed the faculty as student-friendly and student-oriented. The SER presented this as a strength of the faculty's provision, and the team was able to confirm with students that communication with and accessibility of teaching staff was good. The team learned that students receive free teaching materials for each subject and that these can be accessed through the faculty website. The team was also assured by students that assessment criteria are made clear to them, that grades are explained and that professors and assistants provide assessment feedback in a timely manner and without delays. Some students reported that this compares very favourably with other faculties and with universities. The team noted that some 70% of the student intake is from the immediate Herceg Novi region, that around 70% progress from bachelor to postgraduate specialist study, and that some of the best students have the opportunity to be retained by the faculty as teachers.

In extending their enquiries towards the links made between learning and teaching and the wider society, the team was especially impressed by the frequent use made of external guest lecturers. These contributors are drawn from amongst prominent individuals in academia and business, and the sessions are well attended by staff and students. The team also noted the extent to which the education offer of the faculty addresses the needs of the regional economy in the areas in which it specialises. The curriculum is profiled to reflect this, and the teaching process emphasises applied knowledge and practical learning. The team heard from teaching staff of the efforts made to place emphasis on business skills and business knowledge, and also employability skills. The team was encouraged to learn that good efforts are made to integrate theory and practice in the curriculum through practical work and through placement and internship opportunities, and to use case study approaches of real business and management situations. Practical study is mandatory in the sixth semester, and is awarded 5 ECTS. The team also heard of examples where study programmes and curricula had been prepared in consultation with external stakeholders. Following a common 1st and 2nd year, students choose a specialism in the 3rd year, at the end of which all bachelor students are entitled to follow an internship with a local or regional business or commercial organisation or NGO. For this purpose, the faculty has established agreements with 15 companies in the region. At the end of a placement, the employer completes a confidential placement report on each intern.

In reflecting on this practical, employability-oriented aspect of FMHN provision, the team was impressed to hear from students that they had chosen to study at the faculty because of the practical opportunities available to them and that these opportunities and the help they received with traineeships, job placement advice, and future employment was, in their view, better than at other faculties. The team members are therefore confident that the faculty has made good progress in ensuring the employability of its graduates. Even so, in the view of the team, the faculty can take this emphasis further by defining the distinctive characteristics of the "FMHN graduate". The team believes that it should now use this to project the "FMHN brand". Here, the team endorses the perspective of external stakeholders who emphasise the

importance of “soft skills”, such as problem-solving, communication, and team-working. With this in mind, the team **recommends** that the faculty identifies the distinctive characteristics and attributes that it wishes its graduates to be known for, and to use this in all of its advertising, marketing, and recruitment activities as a means of projecting the FMHN image and brand.

In respect of curriculum planning and development, and curriculum structure and design, the team noted that much is defined by law, including matters such as the allocation of ECTS and grading methods. Compliance in this area is evaluated by the national Council for Higher Education (CHE). The team also observed that the study process is governed by internal rules that apply to basic study and postgraduate study, including testing and evaluation. In looking towards change and reform, the team was interested to learn of plans in place to introduce delivery of courses through the medium of the English language. Here the team was advised that, to date, no application had been made for the necessary accreditation from the CHE, nor had the requisite resources yet been identified. (This proposed development is discussed further in section 7). The team also noted the faculty’s efforts to make progress with lifelong learning provision and also its aspirations to make use of distance learning. As a young institution, FMHN incorporates a focus on re-education and pre-qualification studies for unemployed persons. However, while there are potential opportunities for the faculty in these areas, to date, this remains “work in progress”; for example, no application has been made for the licence and accreditation, which is required for approval of distance learning provision.

The team explored in detail the progress made by the faculty in addressing and working with the principles of the Bologna Process as they relate to learning and teaching. During their enquiries the team learned that FMHN is the only faculty in the region to hold a licence for the delivery of programmes at Master’s level. However, the team noted that the faculty has in place a modification of the Bologna three-cycle model whereby, instead of a two-year Master’s, there is a system in place whereby students must progress from a one-year Specialist Postgraduate qualification (Spec. Sci.) to a one-year Master’s (MSc) programme. This reflects a pattern that has its origins in the former Yugoslavia. In the view of the team, therefore, conversion to the Bologna three-cycle approach is not complete.

The team also noted that the SER stated that it seeks to comply with best international practice in curriculum matters, and references are made to the modernisation of teaching methods. However, from enquiries designed to establish whether the faculty has implemented and embedded a learning-outcomes approach to learning, it was apparent to the team that Bologna principles in areas such as curriculum design and a learning-outcomes approach are not yet fully addressed. This was evident to the team in both learning and teaching approaches and in quality evaluation procedures. From the team’s perspective, more work is needed to improve the level of understanding of a learning-outcomes- approach to curriculum design and delivery, and to ensure that learning outcomes and assessment strategies are fully aligned. Reflecting these deliberations and the judgements reached by the team, two recommendations are put forward. Firstly, the team **advices** that steps should be

taken to ensure that for each subject and each study programme learning outcomes are identified and that these are aligned to assessment strategies, are appropriate in type and number, can be assessed, and are transparent to all students. Secondly, the team also **recommends** that consideration should be given to amending the end of semester student evaluation form so that students are invited to comment more directly on their learning experience and on whether they have achieved the intended programme learning outcomes.

The team noted the acknowledgement by the faculty in its SER that approaches to teaching need to move away from traditional teacher-centred approaches towards more student-centred learning. Moreover, students indicated to the team that they would like more interactive and activity-based teaching. Discussions with staff and students indicated to the team that approaches to teaching are moving in the direction of a less teacher-centred approach, and towards a more student-centred paradigm. Indeed, staff indicated that they are now paying more attention to these matters, for example through discussions with students on approaches to learning and teaching. The team heard various examples from staff of student-centred approaches such as problem-based learning, and interactive teaching. However, it was apparent that, apart from informal occasions, there was no formal context in which good or innovative practice in learning and teaching could be shared. The team's enquiries indicated that there are no structures in place to support training in the enhancement of learning, teaching, and academic practice, or indeed the European Standards and Guidelines (ESG). The faculty acknowledged that making provision for such training in areas such as the enhancement of pedagogy represented a challenge for them. In reflecting on these matters, the team formed the view that progress can be made quite soon in this area, without introducing any additional structures or significant resource demands. Accordingly, the team **recommends** that arrangements be put in place for an annual faculty Learning and Teaching Conference where good practice can be shared and disseminated, both through keynote presentations and through workshop sessions, involving both teachers and learners, and also international contributors.

The team also took the opportunity to explore matters relating to the regulations governing the student registration period, since this has a bearing on how student numbers are presented on a year-by-year basis. Here, the team learned that, in accordance with statutory regulation, the status of an "inactive" student applies to pregnancy, hospitalisation, period of enrolment abroad, or special personal reasons. Decisions on such cases, which include the last category, are made by the dean and, if vindicated, may be lifelong. In noting this regulatory situation, the team observed that, should a study programme be discontinued, or undergo major change, then it is difficult to see how a student who remains "inactive" for a prolonged period beyond that point could complete the relevant examinations at a significantly later date. In the view of the team the faculty could be more proactive in these matters and could consider taking practical steps to invite and encourage "inactive" students to return to and complete their studies.

Finally, the team also took an interest in the broader issues of student drop-out, student "non-completion", and also student attendance. From the team's perspective, these are

important issues that relate to both learning and teaching and to quality. The team noted that these are matters in which the faculty's management and the Faculty Council take a close interest from the point of view of quality monitoring. The team was informed that the student dropout rate, which had been a problem primarily in years 1 and 2, had shown recent, marked improvement. The team also noted that a large proportion of students, while registered on a full-time basis, and some of whom are sponsored by their employers, are unable to attend all classes regularly. From the faculty's perspective, as students are able to access teaching materials at a distance, this variability in attendance patterns was not viewed as being a significant problem. However, the members of the team did not feel that they were able to obtain a complete understanding of these matters, particularly given the potential for some overlap between categories. For example, it was also not clear at what point the category of "non-completion" is used (as opposed to "poor attendance"), or at what point "absence" leads to the termination of studies by the faculty authorities themselves. Furthermore, the team was unable to ascertain how and at what point a distinction is drawn by the faculty between drop-out on the one hand, and the category of "inactive" student as discussed in the preceding paragraph. These are matters upon which the faculty may wish to reflect going forward, as it refines its approach to quality monitoring of issues relating to student engagement and student progression and achievement.

4. Research

The team noted from the faculty's documentation the importance attached to growing the FMHN research profile and capabilities. As a private faculty that does not have university status, FMHN receives no state funding for research. Indeed, to indicate the challenging situation faced by FMHN and other Montenegrin institutions, the IEP team was told during the meeting with teaching staff that only 3% of the national higher education budget is set aside for research. Moreover, only limited funds (0.5% of the FMHN budget) are made available internally by the faculty. Therefore, while the faculty has been licensed by the Ministry since 2012 to undertake scientific research, in reality the volume of such activity is very low. This was confirmed by the information presented to the team on research outputs by faculty staff (professors, assistant professors) covering the periods 2011/2012 and 2012/2013, and up to the present time. While, as noted in the previous section, the faculty is licensed for Masters provision, there are Ministry restrictions on doctoral provision, whereby private faculties are by law not permitted to establish doctoral studies. Furthermore, the team learned that, given its current non-university status, FMHN is not well placed to compete either for state funded projects or EU projects and that there are limited external funding opportunities.

Bearing in mind these constraints, the team explored current infrastructure and activities designed to stimulate and encourage research. The team noted that the faculty wishes to intensify the role of its Research Institute through cooperation with other research centres. To assist this work the faculty depends to a large extent on hiring professors who, in addition to providing teaching expertise, also possess relevant research expertise and research profiles. The team noted that the faculty makes every effort to support the attendance of staff at national and international conferences, but that members of staff also make a personal financial contribution if required to do so. The team learned that, although the faculty wishes to introduce change, to date there is no real involvement of students in staff research. In addition, although the faculty has generated external income from projects, including EU projects, it has not yet developed a track record for successfully attracting project money for research *per se*.

Taking into consideration these matters, and in looking ahead to how the faculty might prioritise and resource its research activities in a sustainable manner going forward, from the perspective of the team, the achievement of university status would bring distinct advantages for the faculty. Such a development would open the door to the establishment of a doctoral school, albeit on the basis of pooling academic expertise with other similarly placed private faculties. Furthermore, it would provide a firmer basis upon which to compete for external funding. In the view of the team, these are amongst the essential ingredients for the establishment of a viable and sustainable business and management school.

However, in the immediate situation, the team believes that the faculty is not maximising potential opportunities, particularly in the area of applied research. The team formed the

view that FMHN can grow its applied research capability by further strengthening links with external partners. In particular, the faculty can seek income-generation opportunities with regionally-based partners, by providing knowledge transfer and consultancy, and by offering business solutions. Therefore, the team **advises** that, as it works towards achieving university status, the faculty should prioritise its aspirations in research by agreeing to a set of realistic, achievable, and measurable targets for the next three to five years, paying particular attention to applied research opportunities for income-generating knowledge transfer, consultancy, and business solution agreements with regional businesses.

5. Service to society

From the point of view of corporate identity and the desire to establish the FMHN “brand”, the team formed the view that good progress has been made in building connections with the region and locality. The level of interest and support for the “FMHN project” is high amongst the business community, and employers with whom the team met testified to the good cooperation between them and staff of the faculty at all levels. The faculty has developed good cooperation with various business and commercial partners regionally, some of which are international investors with ambitious development plans for the region. Partners with whom agreements have been made include the Azmont Resort company, the Porto Montenegro Resort, the Bijela Shipyard, and the Municipality of Herceg Novi.

The team also noted that consideration is being given to intensifying the role of the faculty’s Research Institute, and also to the establishment of a faculty Business Centre. The latter will have responsibility for communicating with regional organisations, including NGOs and international businesses located in the region with a view to stimulating employability and internship opportunities and also projects of mutual benefit to the faculty and to local businesses. The team wishes to encourage FMHN to make progress with this initiative.

In such respects, the faculty’s general strategy for service to society and community engagement can enable it to make an important contribution to the economies of the region, the nation, and the wider Balkan area. As described in section 3, the team was particularly impressed by the initiative shown by the faculty in organising a successful series of monthly guest lectures by prominent regional and international experts. As noted, this well-attended public forum has enabled FMHN to become a regional centre for public debate, with an international flavour. As is discussed in section 7, the faculty will need to continue to build on this international dimension as matter of priority.

However, even taking account of all these signs of forward momentum on the part of the faculty, following very fruitful discussions with external stakeholders, it was apparent to the team that, despite achievements to date, there is scope for FMHN to develop and grow even stronger external relations in the regional economy. For example, there are opportunities for the faculty to strengthen its efforts in the area of service to society by involving external stakeholders and former students more directly in governance and organisational development matters and even, as the team heard from external stakeholders themselves, in matters relating to curriculum development and in defining a distinctive FMHN graduate profile. In the view of the team, there is potential benefit to the faculty in taking advantage of such involvement. Accordingly, the team puts forward two recommendations. First, the team **advises** the faculty to take advantage of the goodwill and expertise of prominent external stakeholders from industry, business, and commerce, by forming an advisory board that can provide advice to the founders and to faculty management on opportunities for promoting the regional, national, and international interests of FMHN, and on related strategic matters. In the view of the team, the eventual inclusion of international representation on this board is

essential. Second, the team also observed that there is an emerging pool of young alumni, some of whom already hold prominent positions in business and society. The team was encouraged to hear that the faculty already undertakes tracking of its graduates through a growing database. Accordingly, in noting that FMHN is still a young institution, the team **proposes** that the faculty should speed up the process of establishing a “FMHN Alumni Association” to promote the faculty’s reputation and “brand”, and take advantage of the potential benefits this could bring.

6. Quality culture

The team assessed progress being made in quality assurance and quality management and noted that, to date, much of the faculty's efforts have been devoted to meeting external licencing and accreditation requirements. In its SER, the faculty acknowledged that quality management and quality monitoring are viewed as challenges and that appropriate mechanisms are needed. Insufficient experience in the functioning of quality systems, and in how to operate a quality assurance system, are also recognised in the institutional self-evaluation. The documentation made available to the team revealed a tendency for staff to view quality assurance activity as burdensome in an institution, which, as has been described, has restricted staff numbers and a limited critical mass. The team noted that most staff has multiple tasks and that administrative staff have more than a full workload. In examining the documentation provided, the team observed that there are many "rules and regulations" regarding quality and, it seemed, a relatively heavy reliance on survey feedback as a source of information on quality. In reflecting on the above, the team formed the view that the faculty will need to guard against the danger that, as quality systems and procedures develop, the FMHN approach to quality assurance could become over-elaborate and bureaucratic and may work against the opportunity for developing a culture of quality improvement, with the balance being tipped towards quality bureaucracy.

In examining those quality assurance procedures that have already been developed by FMHN, and which relate directly to students, the team also took the opportunity to consider arrangements for student evaluation of teachers and teaching. Students evaluate teachers and assistants in a survey completed before the end of semester examinations, and the results are made public on the faculty website. These arrangements are understood and valued by students, with feedback being provided to students on what is being done in relation to any deficiencies that are identified. Students themselves confirmed that surveys lead to changes and they are informed of changes arising from the outcomes of surveys, at least on an informal basis. The team noted that results are discussed by the Faculty Commission for Quality in the form of a summary report, and the team was advised that this provided the faculty with an opportunity to assist in the future planning and development of teaching and research. This summary report, which is also considered and discussed by the Student Parliament, includes information on actions taken on responses and issues raised by students.

In the view of the team, therefore, the arrangements described in the preceding two paragraphs appear to be working well. However, the team believes that in other matters, and in relation to the bigger picture on quality assurance, there is progress to be made. From the perspective of the team, the faculty has work to do in developing a coherent quality system and organisational approach that fully meets both internal and external requirements, and which also addresses academic and administrative purposes. The team noted that there is currently no quality unit but learned, with interest, that the designation of a vice dean position with responsibility for quality control is under consideration by the faculty. In the

view of the team, a vice dean for quality, if appointed, together with the faculty's Commission for Quality Assurance, will need to play an important role in the future development of the FMHN quality system. This should include putting in place arrangements for effective quality monitoring, and procedures, which secure the ownership of all who are involved in shaping and delivering the student experience.

In the meantime, the faculty's approach to quality is governed by extensive rules of procedure that define various functions and responsibilities in areas such as self-evaluation, study programme quality, the Student Parliament, and the operation of the Faculty Quality Commission. The team noted that the main day-to-day quality control function, together with management and administrative oversight of the relevant procedures and mechanisms, is exercised jointly by the vice dean, and by the two members of staff responsible for quality control and its administration. For the purposes of the formal quality monitoring of study programmes, the Faculty Council, which meets on a monthly basis, discusses study programme issues and reviews the appointment of teachers and associates. The faculty quality commission, which meets less frequently and focuses primarily on quality evaluation, is composed of the vice dean, a quality control administrator, each of the four study programme leaders, and one student.

Taking all of these matters into consideration, the team believes that the faculty's approach to quality, which includes an emphasis on Bologna and the ESG on the one hand, and arrangements for student representation and various types of evaluation on the other hand, needs further development. Understandably, as the SER indicates, the faculty wishes its quality system to enable it to address the requirements of the regional business environment. Equally important is the need to ensure that, for academic purposes, quality assurance arrangements are in line with the ESG. With regard to the latter, though referred to in a number of places in the SER, the team came to the judgement that there was no real evidence of any systematic use being made of Part 1 of the ESG in the faculty's approach to quality matters. The team noted numerous documented references to procedures and documentation for the internal evaluation of programmes and for assuring the quality of teaching and learning being in accordance with the ESG. Similarly, the SER pointed to documentation and procedures having been checked by the CHE during accreditation and re-accreditation processes.

Nevertheless, the staff groups whom the team met showed little awareness of the ESG. Nor indeed did the team detect knowledge and awareness of conventional approaches to team-based internal annual and periodic quality evaluation and review. For the most part, evaluation was focused on survey evaluation, while self-evaluation was undertaken primarily for external purposes, most notably accreditation. As noted therefore, the team was not convinced that the full potential of Part 1 of the ESG has been embedded in the faculty's work to date on internal quality assurance. For example, the faculty could make good use of those sub-sections of Part 1 of the ESG that deal with matters such as internal monitoring and review, and the assessment of learning outcomes. In reflecting on the preceding observations, and taking into account the need for a comprehensive quality assurance model that is

appropriate for academic purposes, the team **advises** that the commission for quality assurance should be given the task of undertaking a mapping exercise and “gap analysis” against the ESG. The faculty should use the outcomes to initiate the development of an institutional approach to academic quality assurance.

In taking forward their enquiries on procedures for internal review and evaluation, the team explored the role of the study programme leader and study programme team in the faculty’s quality procedures. From the perspective of the team, this is a key area if an institution wishes to achieve ownership of quality and to make meaningful progress in developing a quality culture. The team noted that the role of Study Programme Leader involves regular meetings with teachers to discuss assessment, student attendance, and syllabus matters. However, the team noted that the Study Programme Leader is not required to complete an annual self-evaluation report on the provision for which they are responsible. In the view of the team, this would seem to work against the development of a sense of ownership of quality by those with responsibility for study programmes, including Study Programme Team members, and amongst those who are closest to the student learning experience and are therefore best placed to assess the quality of that experience. Indeed, the team learned that the term “self-evaluation” is used to describe the management overview procedures followed by the Faculty Council. The team noted that it is the Faculty Council that evaluates study programmes and meets periodically to do this. Use is made of the surveys of teacher performance and of student success data. The team came to the conclusion, therefore, that the only annual and periodic reviews that are undertaken are completed through the Faculty Council.

Considering these matters, and in drawing on their own experience of established practice of fully developed quality systems, the team held the view that while the Faculty Council can quite properly exercise oversight of the quality of study programmes, it cannot itself undertake self-evaluation of a study programme as this can only be done by those responsible for the delivery of a programme. In view of this, in order to improve and to encourage ownership of quality at the point of delivery, and as near as possible to the student experience, the team **advises** that each Study Programme Leader, in conjunction with all members and the Study Programme Team, should draw up an annual programme monitoring report, using all qualitative and quantitative information available to them, including student and stakeholder feedback.

7. Internationalisation

In their consideration of the faculty's international aspirations, the team wish to emphasise the importance of the wider European and international dimension to the future development and profile of the faculty if it is to become a successful business school. In the view of the team the faculty's future intentions in this area also require methods for realising them. To date, however, it appears to the team that the faculty's aspirations are not supported by clear targets in key areas.

From the documentation made available to them, the team observed that the various international links, partnerships, and networks from which the faculty and its staff and students are currently able to benefit, are relatively modest in number, and are mostly restricted to the Balkans region. The team noted various examples of inter-institutional cooperation agreements with universities or faculties in the Ukraine, Serbia, Bosnia and Herzegovina and Montenegro, together with joint projects, including Tempus-funded projects, with academic institutions in Italy and the Balkans. The faculty is also seeking to participate actively in future European programmes under the Erasmus+ programme and Horizon 2020. Even so, in the view of the team, the faculty's international profile would benefit markedly by seeking the direct involvement in the academic programme of FMHN, of prominent academics and scholars from the wider European and international arena. The team therefore **recommends** that the international profile of the faculty can be enhanced if more use is made of international collaboration through attracting visiting professors from outside the Balkans region. Alongside this, the team also discussed with the senior managers of FMHN the merits of visiting some top business schools elsewhere in Europe, particularly those with characteristics and attributes of the kind to which the faculty aspires. In the view of the team, this would assist FMHN in identifying its critical success factors (CSFs) as an aspiring business school going forward, and the components that would contribute to the faculty's future competitiveness.

The team learned that there is a low level of activity in international mobility (staff and students), and noted a relatively low appetite amongst students, perhaps for financial reasons or low levels of awareness of potential opportunities. Here also, the team noted that the faculty's aspirations are not supported by clear targets. However, the team was encouraged to note the level of interest shown during their second visit, by students and staff, in opportunities being made available under the AIESEC's (formerly known as the Association Internationale des Etudiants en Sciences Economiques et Commerciales) work experience placement scheme, whereby students can undertake international exchanges and have the opportunity to experience different cultures. In the view of the team, mobility and exchange are essential requirements for a modern school of business and management, as is obtaining an Erasmus Charter. This is a view that is shared by the senior leadership of the faculty. Furthermore, the team also notes that employers whom they met expressed the clear view that external stakeholders seek students with a strong international dimension. Taking all of

this into account, the team therefore wish to encourage FMHN to make early progress with its plans for further internationalisation.

The team was pleased to see that provision is made in years 1 and 2 for students to gain familiarity with the English language and that opportunities for developing English language skills, including business English, are now being extended for the faculty's third year students. The team was also encouraged to note that up to 50% of FMHN staff have some degree of competence in the English language, particularly younger members of staff, and that the faculty plans to deliver some programmes through the medium of the English language in the near future. Here, however, the team noted that accreditation for such a development has not yet been sought, and the necessary resources are not yet in place. Further, if opportunities were to be extended to incoming foreign students at some future point, then suitable living accommodation would be required to meet that need. In reflecting on these matters, and on the potential significance and **future** benefits of internationalisation, the team **advises** that the faculty puts in place the necessary arrangements whereby it can resource and commence delivery of one Bachelor and one Master's programme through the medium of the English language by the year 2016. Finally, the team learned with interest that discussion is underway on an option to appoint a vice dean for international affairs. The team endorses this idea and recommends that, if this idea is taken forward by the faculty, the vice dean appointee should also have an advisory role in strategic planning on international affairs, and provide advice to the Dean and governing body on the various initiatives the faculty takes to strengthen its international profile and to build a distinctive identity for FMHN as a top business school.

8. Conclusion

The recommendations of the team relate to matters that have a direct bearing on the faculty's future success and strategic development and the vision of FMHN to achieve the highest position amongst equivalent institutions, both regionally and nationally, in Montenegro.

Governance and institutional decision-making

- If the faculty is to achieve its principal strategic aim to be distinctive as the best business school in Montenegro, the team advises that the realistic horizon for FMHN should be over a ten-year period.
- For the immediate term, the team recommends that the faculty builds on its work to date in this area and draws up a three-year strategic plan containing a set of key performance indicators (KPIs) and related targets against which progress can be measured and monitored in a transparent manner.
- This should be supported by a published annual report, which highlights the major achievements and milestones for each phase of the planning period.

Learning and teaching

- The team recommends that the faculty identifies the distinctive characteristics and attributes for which it wishes its graduates to be known, and to use this in all of its advertising, marketing, and recruitment activities as a means of projecting the FMHN image and brand.
- The team advises that steps should be taken to ensure that, for each subject and each study programme, learning outcomes are identified and that these are: aligned to assessment strategies; appropriate in type and number; can be assessed; and transparent to all students.
- The team also recommends that consideration should be given to amending the end of semester student evaluation form so that students are invited to comment more directly on their learning experience and on whether they have achieved the intended programme learning outcomes.

Research and knowledge transfer

- The team advises that, as it works towards achieving university status, the faculty should prioritise its aspirations in research by agreeing on a set of realistic, achievable, and measurable targets for the next three to five years, paying particular attention to applied research opportunities for income-generating knowledge transfer, consultancy, and business solution agreements with regional businesses

Service to society

- The team advises the faculty to take advantage of the goodwill and expertise of prominent external stakeholders from industry, business, and commerce, by forming an Advisory Board that can provide advice to the founders and to faculty management on opportunities for promoting the regional, national, and international interests of FMHN, and on related strategic matters. In the view of the team, the eventual inclusion of international representation on this board is essential.
- In noting that FMHN is still a young institution, the team proposes that the faculty should speed up the process of establishing a “FMHN Alumni Association” to promote the faculty’s reputation and “brand”, and take advantage of the potential benefits this could bring.

Quality culture

- Taking account of the need for a comprehensive quality assurance model that is appropriate for academic purposes, the team advises that the Commission for Quality Assurance should be given the task of undertaking a mapping exercise and “gap analysis” against the European Standards and Guidelines. It should use the outcomes to initiate the development of an institutional approach to academic quality assurance.
- To improve and to encourage ownership of quality at the point of delivery, and as near as possible to the student experience, the team advises that each Study Programme Leader, in conjunction with all members and the Study Programme Team, should draw up an annual programme monitoring report, using all qualitative and quantitative information available to them, including student and stakeholder feedback.

Internationalisation

- The team recommends that the international profile of the faculty can be enhanced if more use is made of international collaboration through attracting visiting professors from outside the Balkans region.
- In reflecting on the potential significance and future benefits of internationalisation, the team advises that the faculty puts in place the necessary arrangements whereby it can resource and commence delivery of one Bachelor and one Master’s programme through the medium of the English language by the year 2016.
- The team recommends that, if the proposed appointment of a vice dean for international is taken forward by the faculty, the vice dean appointee should also have an advisory role in strategic planning on international affairs, and provide advice to the dean and governing body on the various initiatives the faculty takes to strengthen its international profile and to build a distinctive identity for FMHN as a top business school.

Envoi

The team has enjoyed learning about the progress made by FMHN in developing its profile and regional role as a future-oriented and entrepreneurial provider of higher education in the field of management studies. It has been an interesting experience to discuss with owners, staff, students, and external stakeholders, the opportunities being pursued by FMHN, but also the faculty's plans and efforts to address the challenges and constraints it faces going forward. The team believes that the faculty has the potential to be successful in its next stage of development, particularly in its regional, entrepreneurial role, and also in its willingness to collaborate with other regional higher education providers.

The team would like to express its sincere thanks to the Faculty Dean, Professor Siniša Kusovac, for inviting the team and for the welcome and hospitality provided during their two visits. Special thanks are also offered to Ružica Marjanović, the faculty's IEP liaison person and Faculty Secretary, and Professor Danijela Milošević, Self-Evaluation Coordinator, for their important work in ensuring the smooth running of all aspects of the process.