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ESTONIAN BUSINESS SCHOOL

EBS REVIEW

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EBS 10-TH ANNIVERSARY SPECIAL

- EBS Highlights 1988-1998
- Interviews with EBS Founders
- Interviews with EBS Graduates

ORGANISATION AND BUSINESS ETHICS

- On Conflict as a Outcome of Power
- Silicon Valley in the Twenty First Century
- Ethical Issues in International Marketing

PRESENTATION OF EBS HONORARY DOCTORS



Dear Readers,

Business ethics, in my opinion, is the keeping of good practices, which is best displayed by the respecting of both verbal and written agreements. It is natural, that an ethical business partner does not change agreements without discussions with the other party. The first thing in choosing a business partner is his business background, if the background is trustworthy then we can begin working together.

I am of the opinion that the Estonian Republic has reached the end of the pirate-like capitalism period, where the beating of a competitor occurred with the removal of him and that we are moving in Estonia towards ethical business practices. If a few years ago it was difficult to do business in an honest manner, then today ethical business practices are a sign of stability and success on the market, honest and correct practices are giving companies the competitive edge.

I am happy to state that it has begun to be understood in the Estonian financial field that management requires professionalism and that it also requires learning and continual development. A very good specialist becoming a very good manager is an exception, not the rule. Estonia can also be characterised also by the fact that the owners and management of companies are separate things, and that the interference in the everyday work of the company by owners is decreasing step by step. A smart owner trusts his general manager. One of the key words in management is trust. Trust between a top manager and his subordinates, this gives the opportunity for the delegation of decision making to lower levels. There is no point in panic-stricken fear of making mistakes. We all learn from mistakes.



Jüri Kào
Chairman of the Supervisory Board, Norma Group
Chairman of the Board, Confederation of Estonian Employers and Industry

Elected Businessman of the Year 1997 by EBS and awarded the Bronze Bulldog



EBS REVIEW

EESTI KÕRGEM KOMMERTSKOOL

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This year EBS celebrates its 10-th anniversary.

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EBS HIGHLIGHTS 1988 - 1998

I The Establishment of the Estonian Business School (EBS)

The year **1988** is the year of the founding of EBS by Prof. Madis Habakuk (Estonia), Prof. Marshall Fitzgerald (USA), and Mr. Ilmar Martens (Canada). With its 10 years of activity, EBS is the oldest private university in Estonia.



II The First Study Group

The first group of executives started its one-year program in January, **1989**, which included a three-month internship in the USA and Canada. All 29 group members participated in this internship program.



III Silicon Valley

In **1990** the executive MBA (Master of Business Administration) program was started and the first internship for MBA students in Silicon Valley, California was organised.



IV Start of the BBA program

Encouraged by success, the school made a decisive step in **1991**. It was decided to start accepting high school graduates into a regular BBA (Bachelor of Business Administration) program.

V The First Executive MBA Graduates

The first 3 graduate students received their Masters degree of Business Administration from EBS in **1992**.

VI Licensing and the First Graduation of BBA Students

The Ministry of Higher Education licensed EBS to award University education degrees for its study programmes in **1995**. The first 22 BBA students graduated from EBS in the same year.

VII Opening of EBS Building

In **1996** EBS moved into its new building on Lauteri Street in the city centre.

VIII Internationalisation - the Birth of the Int.BBA

In the Fall semester of **1996** EBS introduced a new programme - the International Bachelor of Business Administration, this program is delivered fully in English.

IX Formation of the Chairs & Student Activities and Associations

In April **1996** the EBS Senate formed six chairs: Business Accounting, Economics, Management, Mathematics for Business and Informatics, Business Law, Social Sciences. The heads of the chairs, professors and associate professors were elected according to the results of the competition.

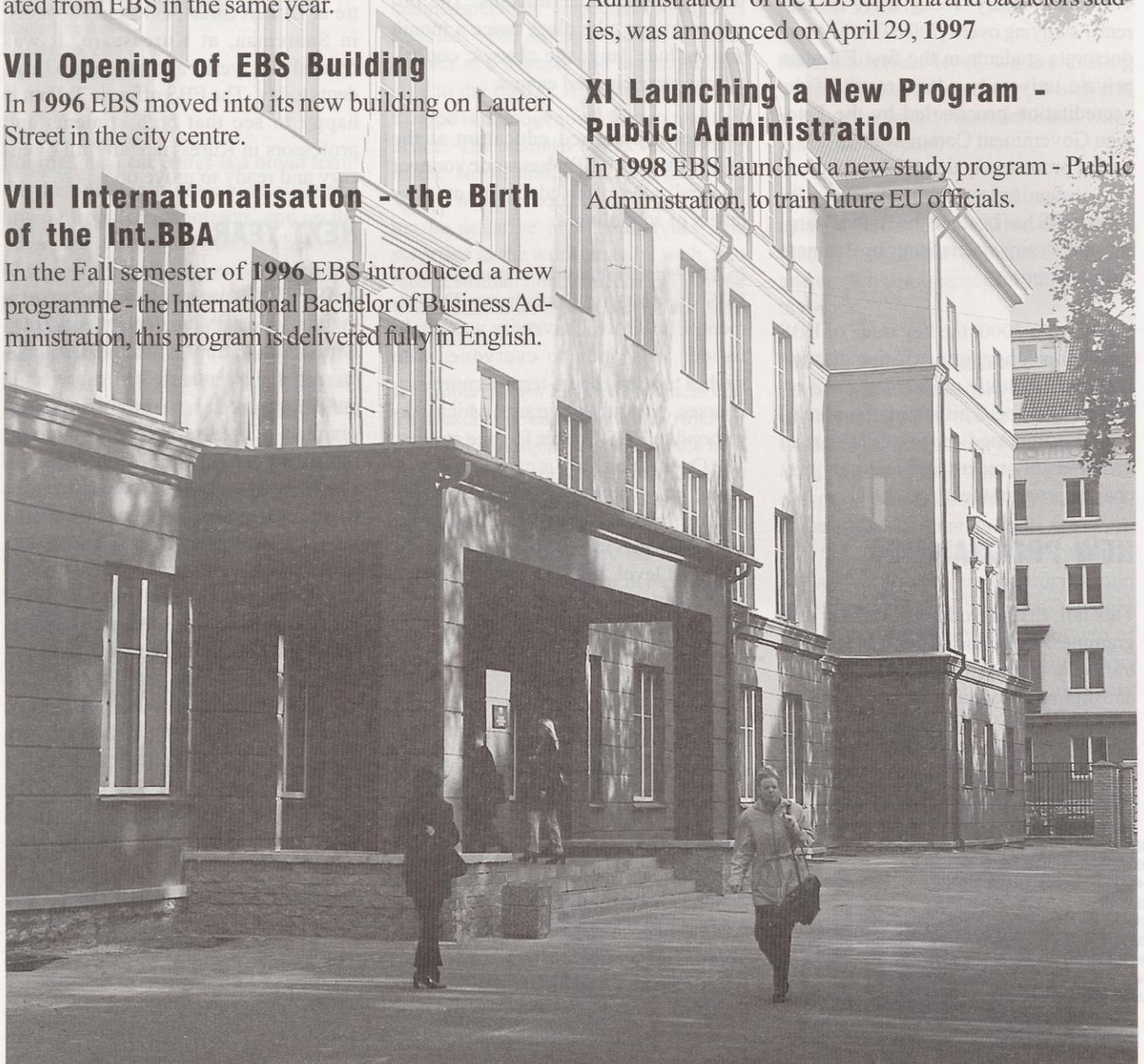
In **1996** student life perked. The Student Senate of EBS and other student organisations like OilClub, Academic Circle, Alumni were founded

X Accreditation of EBS

The final decision of the Higher Education Quality Assessment Council of Estonia (HEGAC), in order to accredit the study programs in "International Business Administration" of the EBS diploma and bachelors studies, was announced on April 29, **1997**

XI Launching a New Program - Public Administration

In **1998** EBS launched a new study program - Public Administration, to train future EU officials.



EBS ON ITS WAY TO A NEW MILLENIUM



Ester Eomois
EBS Review Managing Editor
MBA Student

In 1998, Estonian Business School (Eesti Kõrgem Kommertsikool) celebrates its 10-th anniversary. Today, there are currently studying over 1,700 BBA, MA and doctorate students in the first Estonian private university. As a result of the accreditation process led by the Estonian Government Commission in 1997, we are proud to say that EBS is a nationally recognised private university. By 1998, EBS has become the Baltics' largest university specialising in Business Administration.

By the year 2000, the key issue of EBS strategic planning is internationalisation both in EBS study programmes and research. Our focus on international relations is supported by joint projects in the fields of student and lecturers' exchange programmes.

NEW PROGRAMMES

This fall, EBS introduced two new programmes: Bachelor of Public Administration and www-based distance BBA and diploma programmes.

The Bachelor of Public Administration programme is meant for future EU officials. The 4-4.5 year study programme contains courses on law, economics, management and languages. BPA graduate should be competitive working in the international environment in any EU country.

The WWW-based programme is a good way to obtain a university degree for those who cannot attend regular programmes due to working, living or travelling abroad. In the www-based programme, the EBS student is guided by e-mail which is used for all the communication with professors, programme managers and other students. The on-site meetings take place twice a month and include language classes, consultations seminars and exams.

Besides specialised education at the university level, EBS has some younger "sisters" who offer education at other levels of schooling

In 1997, as the natural continuation of EBS Training and Consultancy Department, EBS Open University was established. It is open to everyone, who wishes to attend short-term competency courses, or study programs which correspond to EBS Master Degree studies. The Open University is currently developing co-operation with local companies to launch new projects to offer schooling services at the highest professional level. In 1998, the EBS Open University offers among others competency courses for quality managers, business managers and courses on TQM as well as Business Russian.

The Business Gymnasium is a private high-school established last year by EBS. Its curriculum is based on nationally accredited study programmes with an specific emphasis on mathematics, English, economics, information and communication skills. The Business Gymnasium was established with an aim to provide competitive modern secondary education for its students to be competitive both in labour markets and university entrance examinations.

EBS FACILITIES

By the beginning of the 1998/99 school year, EBS finished the construction work on the main building facade. As a result, EBS can be proud about the fact that the working environment both for students and professors at EBS in the main building at Lauteri 3 conforms to western quality standards. Well-equipped and spacious study halls, the best business library of Estonia, modern computers and a reasonably priced canteen and cafeteria make EBS a pleasant and high-quality institution to study and work.

Besides academic life in Tallinn City centre at Lauteri Street, EBS has A college in Saaremaa, at Kuressaare. It was opened five years ago and has 67 students today. The EBS office in Tallinn is happy to see that both students and professors in Kuressaare are full of energy and ready to move on.

NEXT YEAR

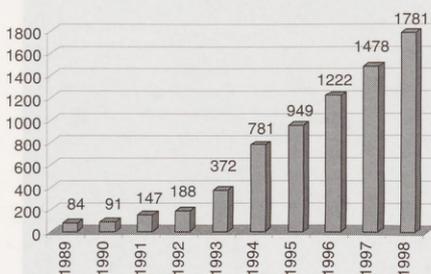
In 1999, EBS plans to introduce two new majors - Hotel Management and Tourism Management - both BBA programmes. This attractive new project is an international co-operation programme with Strathclyde University Scottish Hotel School and Helsingi Haaga University. The comprehensive degree programmes contain regular business administration classes, theoretical and practical courses in Hotel and Tourism Management and higher-level courses on Tourism Strategic Planning, Management of Small Tourism and Hospitality Firms.

For more information on EBS News, new degree programmes and competency courses please check out the EBS homepage <http://www.ebs.ee/>. The next EBS Review will be in March 1999.

You are welcome at the EBS Open Days in the Spring of 1999 and at the student fair "Teeviit '99".



Number of Students in EBS



THE FOUNDERS OF THE ESTONIAN BUSINESS SCHOOL

1. **What does business ethics mean to you and what trends/directions characterise the 1990's business world?**
2. **You are a founding member of the School. In what direction should the School move and how would you characterise the Schools development today?**



Madis Habakuk
President of EBS
Founder of EBS

1.

For me, business ethics is a broad term. On the one side it deals with questions arising from large contracts, and on the other side in everyday dealings between business persons- it can be named as preciseness. If a partner promises to call at a certain time, visit or to do something and does not fulfil his promise, then this is also an ethical problem. Excluding financial and real-estate business fields, Estonian business people tend to err more on the second than the first. You do not meet young and quickly successful businesspersons that fulfil small agreements regarding calling, visiting, doing.

Of course, it can be said that, it's not a big deal, promised to call, but didn't, promised to visit, but because of some urgent matter did not for such and such a reason- not big will come of it. If we were to look at each incident separately, then yes. However, if there are many small disappointments, then a reaction will occur. Everyone disappoints a little, and from this a layer of delay will slow all business activity. The Estonian business world is becoming more and more hierarchical. It is not possible to leap to the top, but one must crawl. In most fields, non-precise people will not succeed.

In the business world of the nineties, the most important tendency is internationalism in my opinion, which for Estonia means Europeanism. From the point of view of business ethics, this means that in different countries and cultures, different ethics prevail. Estonia, because of its small size must follow the rules, not set the rules. This last statement is especially important for Estonian businesspersons. Especially in regards to sales. The salesperson must speak and act in a manner and language likeable to the buyer. If in the big picture, Europe is homogenous, then in reality it is not. The business ethics vary greatly in the North and South, the East and West. What is required in Italy may often be negative in Scandinavia. The surprises in the world may be such, that most Estonian businesspersons' psyche will not consider it possible to start business there.

It is important for Estonian business ethics to exchange early capitalism rules for modern capitalism rules within the next 10 years. I would hope, that there are not too many businesspeople in Estonia who will miss the train, which means in other words that they do not end a successful career in jail or in bankruptcy court.

2.

The first ten years of our School should be judged from many different angles. EBS's achievement in Estonia is mainly that it created competition in the Economic Education field in Estonia, which significantly sped up the development of Economic Education. The second main achievement, at a State level, was the enticement of private capital into the provision of Education. Students paying for their University education significantly reduce the budget constraints.

EBS is accredited and its diplomas are recognised by the State Educational system, which allows students access to other Universities according to international rules. We have reached the international market, and have contract ties with many international higher education institutions. In summary, this means that in 10 years, a good quality higher education institution has come to be in Estonia.

At the business level, we are dealing with a successful company, which has achieved a sound financial basis without State support.

At the personal level, EBS students receive a better competitive education than in most Estonian business schools and employees meaningful and interesting work.

The key words in EBS's strategy are internationalism and quality and the strategic resource is the teaching staff. Under internationalism, the exchange of both students and teaching staff is meant, as well as co-operative research. More student exchange spots are available than demand requires. International research continues on the comparison of business student's values. A tight spot is the development and growth of the teaching staff, which is a high priority for the University. The university has implemented a working TQM system. One significant objective for the next few years is the strengthening of the business ethics part of the curriculum and the provision of such training for the teaching staff. It is also planned to assist other schools with this.

During the next ten years the primary goal will be to get into the top 25 business schools in Europe, which requires the presence of stronger research work than at present.



Marshall Fitzgerald
Founder of EBS

1.

Within the firm, the management will need to hold belief systems that stress an adherence and loyalty to abstract principles that would have been unnecessary in the past. Management will have to teach and show examples of these principles to employees. It will also

have to obtain employee acceptance by managing at more of an interpersonal level. This will become apparent when the business firm is faced with such issues as product liability issues or the increasing gap between the wages of management personal and the dividends and stock growth of the investors on one hand and the wages of workers on the other hand. Business ethics will have to move beyond rules clarification into the not so well documented and promulgated field of, value clarification. Good ethics, business success and personal reward must be closely integrated.

In the external environment, the business firm must take a strong stance on such issues as bribery, extortion and operating in a foreign country where the laws of business are different. Employees are strongly influenced by the con-

duct of management. What the business does in the external environment will greatly influence the conduct of the employee in the local environment. The company must condone an avenue whereby employees can alert senior executives to wrongdoing in the safest way possible.

2.

I really do not have a position on the direction of where the school should be going now. I have not been involved in the school for some time. I would like to be more involved but unless Madis Habahuk can find a way to use me in a productive manner, I won't be. I often believe that a stronger coupling to a university in the West Coast of the USA would be beneficial but over the years those ties have diminished.



Ilmar J. Martens
Founder of EBS

Business Ethics in General

Ethics is generally concerned with attempting to define what is good for the individual and for the society. It also tries to establish the nature of obligations or duties of people for themselves and for each other. In advanced western business environments, the adherence to high business ethics and moral rules are based not so much on ideological benefits in their abstract moral righteousness as on practical past experience in the selection of activities which result in successful business practices.

In a democratic society and market economy, all investment and business decisions are based on risk-reward ra-

tios and their analyses. Increases in business risks will necessitate that investors will have to demand for themselves higher profits and business rewards.

The most important factor in any business deal is the trustworthiness and moral character of your business partner. International investors have a wide range of opportunities within which to make business investments in various countries and business environments. International investment money will flow most easily to the countries where the risks are lowest and business rewards the highest. One of the major concerns in the investment decision-making process, besides the economic evaluation of business growth, profit potential, competition and so on, is the evaluation and study of the prevailing business ethics in the country and the existence and enforceability of business laws.

It is immaterial how profitable or successful a business deal could be on paper if its partners can not be trusted and agreements can not be enforced.

All international investment firms will try, if at all possible, not to get involved in litigation in courts, particularly in foreign countries where they do not have a background and understanding of legal processes and the behavior of judges

and where their investments could be tied up for years and cost enormous amounts in legal fees.

There are no secrets in the international investment community and all negative or positive developments, particularly the ethical and moral behavior of the country's business community, are noted and recorded, which will either lower or improve the country's investment rating in the eyes of the international investment community.

It should be pointed out that if a country, as a result of unethical dealings by a few industry leaders, loses its international business trust and reputation, this is very hard to regain. In the meantime, it will result in a long-term financial loss to all its citizens and also a decline in any future business activities in this country.

Every time a business agreement is broken and the country's business laws do not stop and reverse the wrongdoing, the risks in doing business in this country are increased in the eyes of the international community. This will be eventually necessitate an increase in lending interest rates in the country, which will in turn result in higher inflation with all the negative connotations associated with that. The country's businesses will

also face more difficulties in obtaining investment capital to finance business growth. All this will in the long run result in unemployment and an economic decline. Therefore the existence and maintenance of a high level of business ethics and strong and enforceable business laws are every citizens and government's concern and even duty.

Business Ethics in Estonia

Estonia has been able to maintain in the eyes of the international investment community a relatively good reputation because the Estonian business community's unethical practices have up to now been directed towards the 'privatization' of previous Soviet government property in Estonia into the hands of a relatively small number of management and political power groups, at relatively low cost. However, even these groups should now be concerned about the enforcement of business laws in order to protect their recently acquired wealth.

Since few foreign investment groups have been participating in this process on a relatively fair basis and the population at large had no actual understanding of the privatization process, no real damage to the Estonian ethical and moral

rating has occurred on the international scene, as evidenced by articles in the foreign press describing Estonia as an economic miracle. From here on, however, the process will become much more critical.

For the future, it is very important that Estonian business ethics and laws reach the same level and be enforced to the same extent as in other economically advanced western countries. Otherwise, Estonia will be placed by the international business community in the same category as many "banana republics" or third world relationships, which can then attract investment capital only from questionable sources, often with mafia connections.

EBS' Future Role in Raising Business Ethics Standards in Estonia

A business school which has academic business credentials and educated staff resources can understand and demonstrate to the various political parties, business groups, and the population at large, how unethical business behavior by a small, selfish group, compounded by lack of enforcement of business law,

can cause serious damage and losses to a country's long-term reputation and economic outlook.

EBS, in conjunction with other schools and academic organizations, should form an organization or institute, that monitors and studies business ethics and the enforcement of business laws in Estonia. It should also publicize and highlight the difference of options on any given infringement of ethical behavior and business laws held by different political parties, foreign observers, and other business groups.

There is a definite need for an organization in Estonia that would propagate and promote the establishment of a higher level of business ethics and laws of the country. The existence of such an organization in itself would be noted and applauded by all international investment organizations and would probably also be supported by foreign aid and grants.

EBS, as the founder of such a movement, would definitely be accorded great international acclaim.



EBS main building in Tallinn city center

INTERVIEWS WITH EBS GRADUATES

- 1. You are an alumni of EBS, how has the school assisted you in realising your business goals?**
- 2. What does Business ethics mean to you? How do you choose business partners for yourself?**
- 3. Who was your favourite teacher during your student days, and why?**
- 4. Reminisce about some funny adventure during your EBS days.**



Jüri Mõis
 Managing Director, Hansapank
 One of the first graduates, 1989

1.
 I was in the first graduating class at EBS. Madis Habakuk practically brought me by the hand to school. He told me that our economic system worked like the caste system in India; everyone belongs in a certain caste. He was able to convince my classmates and me that those who have studied at EBS will rise to a higher caste level. This seems to be the case with me; maybe I even rose two levels.

EBS gave me the understanding, that the economy will be restructured and that such a superb company in those days, like "Auto" would not have a future. I decided that I had to quickly leave there and turn to a field with more perspective- the finance sector.

2.
 Business ethics are the foundation of activity. Without business ethics you cannot conduct any long-term business. Those, with business ethics should hold the majority and those who do not value ethics should be quickly driven out of the economic sector with force.

3.
 I am not a businessperson - I am a banker. If you looked at all those, who have been chosen "businessperson of the year", and then I would not want to be lumped in one with them.

The first graduating class was mostly based on Madis Habakuk's knowledge and skills. He brought in American teachers and was involved with the heart of the school founder.



Meelis Virkebau
 General Director, Kreenholmi Valduse AS
 One of the first graduates, 1990

1.
 The most important things I gained from EBS were:

- English
- Theoretical base
- Practical experience in US companies

Since I graduated during the pre-break-up era of the Soviet Union, the possibility to gain practical experience in the U.S. was my first opportunity to get to know and to understand how business occurs in a free market economy.

The knowledge and the experiences gained from EBS have certainly been of help in implementing restructuring and turn around programs of large organizations.

2.
 Kreenholm is an international company, which exports almost 90% of its production to the EU and to the U.S. The basis for success is mostly personal and trustworthy contacts with all business partners throughout the world. Honesty and the keeping of one's promises are valued everywhere in the world.

One must be open with one's business partners, the rule is to treat your business partners as you would wish to be treated.

3.
 My favourite teacher was Helin Saks, who got us to speak English. She worked hard with us for a whole year, as we needed really intensive teaching. The teaching methods influenced us and were surely the best at that point in time.

4.
 My first trip abroad was with the EBS group in 1990 to the United States. The passport control guard checked my Soviet Union passport and asked me suspiciously why I had travelled to the U.S. I answered "to learn business". The official surprised me by stating that was no reason, as business was simple- **buy low, sell high- that's it.**

During my study period in the U.S., printed T-shirts to earn some gas and pocket money. Thanks to this, I can now proudly state that my first textile industry experience was gained in California.



P. Reštšinski among others with EBS visit to McLaren School of Business

Peeter Reštšinski

Embassy of the Republic of Estonia in Poland,
Ambassador graduated in December 1991

1.

After graduating from EBS, I went on to study at the Estonian Diplomat's School. But even during my student days, I still had the thought of sales close to my heart. Life started to change then, and one had to understand. This was a very interesting time for me. I liked the parts of the course regarding selling and marketing the most. At the time I was studying at EBS and also working we started to interact with the Finns. This was useful, as that, which we had read and studied was already existing in Finland, though the business culture there is certainly different from that in the U.S. But it was certainly useful. **I believe that EBS's education gave me a good picture of how this other world could work. Even afterwards, when I spent three years working in Washington, I felt that I had a vision of how that world worked.** It was comparatively easy to start when you had already been to that country and knew a thing or two about it. It was a big thing when I could say I had previously been to the US, when attending seminars or conferences or visiting companies. It had impact, people treat you differently. I felt it had been useful for me.

2.

It is difficult for me to answer this question, as I am not directly involved in business.

3.

We started in January of 1990, and then Professor Eli Berniker from Seattle Tahoma University came and taught

Social Technology of Analysis. The subject dealt with researching people's decision-making skills. It was interesting. Me even taped those lectures. I still have some of those tapes. It was all in English and we had just begun. Study work took long days: Eli Berniker would

start at nine in the morning, we had lunch from one to three, and then on to about nine or ten at night. And afterwards we listened to the tapes. It was very interesting. He was my favourite teacher because of his being he spoke English in an interesting manner and he was just very full of life. One person I would also like to talk about was our English teacher. Her name was Viivi Verrev. In my opinion, her teaching gave me a very good base for learning the language.

4.

There were many adventures. Some were tied in to our life in Soviet Estonia. For example, one day it was announced that from tomorrow bank notes of a certain denomination would not be valid anymore. Everyone as one, stormed from Suurupi, where our lectures were held, to Tallinn to exchange their bank notes. I didn't go, as I had no significant savings. This adventure, however, was a sign of the times.



Urmas Arumäe
Attorney of Law, Law Office Concordia,
graduated with MBA in 1992

1.

When I entered EBS, I worked as a lawyer in my own law office, Concordia. In

consulting with my clients regarding legal matters, I found out how weak the managers of enterprises were in management skills. **My goal in starting to study business administration was not to become a business manager, but that I could pass on this knowledge to my clients in addition to legal advice.** The choice of the school was simple: at that time it was practically the only school offering a MBA program. The fact that in addition to offering the EBS and the San Francisco University theoretical programs the opportunity for practicum placements in US companies was offered piqued my interest. Together with auditor Urmas Kaarlepp, I had the opportunity of working in Detroit Diesel Company's offices, which produces very large diesel motors. I believe that what I learned in America and the practical applications of the theory that I had learned gave me very much and put quite a bit between our ears. In addition, we also had a chance to practice our English. All of us, who went to the U.S. and graduated have done well in life and have two feet on the ground. We made some good contacts and found good friends. Even today our group, who was in the States together, still meet regularly now as members of the Masters Club. Since I worked as a lawyer, then I do not have direct business goals as a business manager. However, as mentioned before, my clients benefit from my knowledge. I have used my knowledge in practice as a member of the Supervisory Council of several enterprises such as AS Moe Piiritusetehas, AS Printall, AS Ühinend Meiereid, AS Eesti Buss and others. Masters knowledge is also useful when making investment decisions. I believe that I gained some learning bug when at EBS. At the moment I am in doctorate studies at EBS and graduated *cum laude* from Stockholm University's European Union Law Masters programme (LLM)

2.

How I understand business ethics can be summed up in the Latin sentence: *pacta sunt servanda*, or agreements must be kept. Under this I mean, that not only formal contracts between parties, but all agreements i.e. a man's word. Business ethics in Estonia is still in children's

- 1. You are an alumni of EBS, how has the school assisted you in realising your business goals?**
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- 4. Reminisce about some funny adventure during your EBS days.**

shoes in this sense, in other words, a business(man)'s word is not worth much. In choosing a business partner, I weigh the others activity and achievements, not how well they can speak. Every one can talk but activity can be checked. Often words are a con man's weapon, I know this very well from my legal practice.

3.

My favourite teacher was English teacher Katrin Silmäe. She was and is a nice person both on the inside as well as the outside. In addition, she is a good teacher and made us study hard, not for her, but for us. She made learning English interesting and pleasant. We had some fun too!

4.

I think that a funny story can be found in our time in America. I remember when we wanted to rent a car with Urmas Kaarlep. We had done this many times previously however this time was different. We had just received our fresh American driver's licences. I presented my new licence proudly and added my Soviet Union passport. The computer system crashed and I was not given the car. The reason was that the computer thought that I shouldn't have a Soviet Union passport, since I had an American Driver's licence. Feeling slighted, I retrieved my documents and told Kaarlep to hide his American licence in his pocket and to present his Russian licence. Urmas did this together with his Russian passport and we had no problem getting the car. We were convinced that the bureaucratic machines in the U.S. are working at full tilt.



Peep Aaviksoo
Head of the EBS Alumni Club,
graduated with MBA in 1993

1.

EBS has given me the theoretical base to assist me in achieving my goals. One thing is to know how things occur in business, to have practical experience, it is another thing to thoroughly understand, based on theoretical knowledge. EBS has given me just that.

2.

It is most important in business to keep one's word and to consider a verbal contract binding. This, specifically, is not really understood or valued in Estonia's business world to date. Estonia has to learn this, since you cannot get by without business ethics elsewhere in the world. A business partner must be trustworthy. **It is important, when choosing a business partner that a win-win solution is found. So that both parties benefit from the project.**

3.

There were a lot of visiting teachers, during the time I attended EBS. One that sticks in my mind is Mike Moody, vice-president of AT&T, both for his knowledge as well as his presentation style. I learnt a lot from him. He could be taken as a good example of an American businessperson.

4.

I best remember a kind of a sad-funny story. During the break of a statistics lecture, our whole class marched into Habakuk's office and demanded a new teacher, or our money back, since the teacher did not meet our standards and we did not plan to waste our time in those lectures. We didn't get our money back, but we did get a new teacher. Habakuk also remembers this story quite often.



Monika Salu
Mayor of Pirita District Tallinn,
graduated with MBA in 1994

1.

From one point of view, I could be considered an alumnus having finished and defended my Masters, at the same time I am currently studying for my Doctorate. Why? EBS's Master's program was very suitable for me- it did not force final truths on me, but gave me a direction, of what, why and where to find the answers. This skill, especially, has been my most valuable lesson from EBS in achieving my realistic business and life goals. **In order to achieve something, you need to set goals, know the main principles of economics, how different businesses work- a lot of this can be learnt from the many books and lectures which EBS' Master's program provides.** You must further know your own capabilities and the limits of their development, to then with open eyes and mind to gain experience about real business,

life. And this gaining of experiences and skills from life itself (in addition to taking part and in reading copious amounts of literature) is the skill, which EBS taught me.

2.

Business ethics means firstly the fulfilling of agreements. This begins with simple honesty, arriving on time for meetings, answering messages, and the keeping of verbal agreements. The rest is legalities. I try (try- since it is not always up to me to choose) according to these same principles.

3.

Professors Tüرنpuu and Valt. Why? They are teachers, personalities, who know how to explain even the most complicated things in simple words. They are "large" people in every sense of the word. It is easy to find assistant professors and lecturers who know how to teach a subject using complicated terminology and foreign words. And sometimes there is a question, do they really believe what they are saying? From my own experiences, I have come to the conclusion that the titled professors are the real high class experts (not to be confused with specialists) and therefore listening to them, communicating with them is a pleasure.

4.

I guess that all kinds of funny things do happen, but the following is the best in my opinion: The story occurs when I had just finished my two and a half years of Master's studies, had defended my thesis and was getting ready for the graduation ceremony. I was trying on my gown at home, when my then four year old daughter asked in surprise "Mom, did you study to be Batman?" At first this comment from my wide-eyed daughter was really funny, but upon later thought had truth to it. In the way that in the film world, Batman is striving to continue life and to fight against evil forces, so must the learned adult be the developer, and the force fighting against foolishness and intellectual weakness in the business and political world. I hope that I learned to be "Batman".



Viljar Jaamu
Marketing Director Hansatee Group
graduated with MBA in 1995

1.

I have studied in many different schools and have arrived at the conclusion that if a person does not take something themselves, then no one will give it to them, either. If a person wants to get somewhere and to achieve something, than he must take. No school can teach you something against your will. **Every school has something for you to take, but the person must know himself what he wants. The person, who knows how to take from everywhere, including secondary things and small details will be the one to go far.**

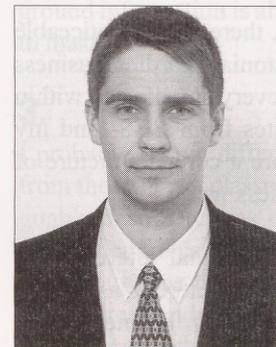
2.

Business ethics is relationship ethics; maybe there is some large difference between these that I do not see. The main goal of business is profit. In order to get somewhere you must set your objectives correctly. You have to repeatedly do your transactions. For it to be possible, you must be trusted. In order for people to trust you, you must have personal ethics. I don't see business ethics as a separate issue. If a person isn't ethical, then there is nothing you can do. However, there people who have been successful despite of not having ethics. Business ethics are talked about when a business is in its beginning stages, or when everything is going well, but when something goes wrong, then no one remembers business ethics, or the person who spoke of it. Professional ethics are something else. This concerns mainly doctors and lawyers. It is always pleasant, when your business partner is an ethical person, but in choosing a business partner the decision is still made based on mutual economic interests. There is nothing you can do if business

partners have mutual benefits, but no ethics. Obviously, they have some type of ethics between them. The choice is usually made according to mutual benefit. Ethics may have some importance at some point in the choice. Both partners must benefit from the business, if this does not happen, if one party wants to get all the profit, then you can not choose him for a business partner.

3.

I did not have a favourite teacher. The thing is, during master's studies you do not pay attention to the teacher, only the quality of the subject. In this case, I would mention Toomas Haldma, who taught economic analysis, Jüri Truusa, who taught strategic management and Siim Kallas, who taught finances and banking. They are strong enough in their fields to pass on their subject. I am sure there were other good teachers.



Märt Volmer
Permanent Mission of Estonia to the OSCE,
First Secretary
graduated with MBA in 1996

1.

Firstly, I should mention that it is good and prestigious to be an EBS alumni and that I hope the EBS' owners and management will do all that is possible to maintain the level and to develop even further. It is always possible and also necessary to do things better.

Since the MBA program, corresponding to international MBA program standards (and not only in my humble opinion) is meant for the preparation of progressive young people for the cruel working environment, then from this perspective, I can evaluate its usefulness for me. Holders of **MBA's are expected to be able have the skills needed to work in a relatively wide field of scope**

- 1. You are an alumni of EBS, how has the school assisted you in realising your business goals?**
- 2. What does Business ethics mean to you? How do you choose business partners for yourself?**
- 3. Who was your favourite teacher during your student days, and why?**
- 4. Reminisce about some funny adventure during your EBS days.**

and to make objective decisions. I think that EBS has provided me with this, though objective criteria for evaluation do not exist. Based upon my specific work, a realistic business objective would be to insure Estonia's international position. Even though Estonia's foreign policy has been successful regarding EU expansion in light of the opening up of opportunities by other Estonians. However, I cannot tie this in any way to the achievement of my own goals.

2.

In my opinion, there are no noticeable problems in Estonia regarding business ethics, in both every day life and within my course mates from EBS- and my course mates are a compact picture of Estonia's business world.

There are often mutual interests and mutually beneficial interests as well as conflicting interests in business. The problem with Estonia's business world is not in ethics- meaning deception, lies, the finding out of business secrets illegally- but in Estonian's stubbornness. Estonian entrepreneurs cannot usually solve conflicts in a reasonably manner, things are often taken personally - this has been described very well by Tammssaare. Proof of this is in the over-worked courts and the good life of lawyers, which are not a sign of ethical problems, but of the inability to communicate and the lack of common sense.

3.

My favourite teacher?!.. I must confess that it is difficult for me to answer this question, I find it difficult to raise one over another, because this would be at the expense of another. All the teachers were at an acceptable level and in giving an opinion, there is always the danger of getting on the slippery subjective trail, and give the better evaluation to

the teacher of your favourite subject, or the one who (with reason) gave you good grades.

4.

It was certainly positive, that it was never routine or boring and there was loads of fun. One anecdote does come to mind. It is about a Computer Systems teacher from the U.S., who had obviously just arrived in Estonia prior to the start of the lecture. People from large countries often have an overestimation of themselves and therefore have difficulty in sensing reality. The teacher asked at his first lecture, to our complete surprise, if any one knew what a computer was. This type of a question causes the average progressive young person to be struck dumb, which happened. Then the teacher asked, if anyone owned a computer and if they had ever used one. This question is also one that is easier answered by 3-5 year olds. Therefore, the result was the same as for the first question. And so the teacher had to start teaching the principles of choosing and using computer systems to university students, whom he thought, had never even seen a computer!



Agu Vahur
Human Resource Manager, Philips Baltic
graduated with MBA in 1997

1.

EBS's Master's program is a proper challenge for people, who have already one a few things, and now feel they could

do better. The whole package and schooling and the skills which I gained from EBS have helped me to participate more fully in business. Working in human resources, myself, it is possible to put in a word regarding other departments and to do so at an acceptable professional level. On the one hand, it is good to feel that you are a strong part in the big process and on the other hand, it is possible to fulfil one's objectives in an organisation and to gain respect as you are an equal partner. Formal indicators such as diplomas are more important in large international organisations, than in smaller enterprises where your work results are more easily evaluated. There has also been use in forming one's image from the formal diploma signed by an international business Master. This of course is taken with reserve. It is known that such a thing exists, but there are thousands of such educational institutions. **When I am reading documents and participating in the recruitment process from the point of view of a large company, then in choosing a MBA, only the international top twenty schools in the world are considered. This of course does not affect the value of the EBS diploma.** So, EBS has given me a lot in both being successful in a large organisation as well as starting my career.

2.

For me, business ethics mean a partner who has been steadfastly sure and well praised. That norms are not diverted from in the interest of short term goals. Business ethics are different in different societies and at different points in time. Like ethics in general, it is based on cultural norms and these norms change in time, so that no concrete set of norms can be listed at present. Of course such saying as "you won't get rich stealing chickens" and "no deal in Estonia is big enough to secure your pension" do belong in the list. This means that one-off

deals are not sought, that it is more important to look at the whole picture and make decisions and act based on the interests of the different parties. Company, employee, stockholder and society's interests must be taken into account. That there are no hindrances. Since business is a social phenomenon, then the society at large must be taken into consideration. This is a complex, in which one must be and decide so that afterwards it is said, that you were the right person for the job. A one-time business idea is only useful once, a long-term idea is profitable for a long time. A business partner is chosen for his similar point of view as well as working style. If we are talking about a burning-eyed neurotic who wishes to do something fake, then I would steer clear, as my choice of business partners reflects on me. I might make some happy Crowns from the deal, but this would be shortsighted. Therefore, in choosing a business partner, one take into account both ethics and intelligence background. What is important, is if you are able to strike a deal or not. One time business plans are still in style right now, and many are made, but I would not go this route. So, one side is ethical and the other intellectual. Business must also be intellectually profitable, it must be exciting, interesting and developmental to be with those partners.

3.

I dare say that it would be Avo Viio, teacher of macroeconomics and banking. Why? He has pedagogical talents- he know how to handle and present subjects in an understandable fashion and to later make it register. It could be felt that he had a system, that he knew a lot, that he was dedicated to passing on his knowledge, not just performing or killing time. He had goals for his activities, and in this way he was different from many others.

In a totally different category was Peter Manning, teacher of strategic management. His methods, intensity and professionalism could not be compared to others. I hope that he continues to have interest (and that EBS has the resources) to continue teaching future generations.

4.

I think I will tell a sorry-funny story about EBS. I went to Concordia's introduction to Master's program being a Master's student at EBS. I found that they had some interesting lecture series and asked that since I was a master's student at an accredited Estonian University, if I could take some of their courses. Of course I would pay tuition, I was not interested in credits or whatever their formal background is, I was just interested in learning. An official said "no, first you must leave EBS, and then you may take our courses". At first this seemed funny. Thinking about it now, in a wider context, it is a sad real-life story. The Estonian people are so paranoid about their small piece of cake. I don't know if this story is funny, but at the time it seemed the epitome of stupidity.



Ulla Ilisson
Marketing Manager, Kalev Ltd.
Graduated with BBA in 1996

1.

As I began my studies at EBS in the first graduating class in 1991, the study period was at a same time when all enterprises in Estonia were reorienting themselves to a free market economy. Other schools were not offering an education that met the demands of progressive employers. In EBS the programme consisted mainly of lectures by visiting lecturers and in my opinion, as a student, my possibilities to do better in the job market were important factors in choosing a school. That time, it was normal for most students to work while studying, which certainly helped to reinforce what was being learnt, but also helped to develop self-discipline.

The importance of relationships with classmates and schoolmates cannot be underestimated - in the years afterward,

the former friendships have often become collegial, or business relationships. Our class can be characterised by the frequent meetings, sharing of experiences and supporting each other.

2.

The understanding of what business ethics is very individual and it always depends on the personality traits of the individual, starting from the home environment, and field in which one is currently working on the other side. I have found that a personal reputation is just as important in today's business climate (not just Estonia) as your education or professional experience. Dishonesty, the cheating of business partners, and other such unethical activities are not so called "crimes with the expiration date", and in the long term it is better to know the story. I evaluate my business partners using the same values; background information is always necessary to make a decision.

3.

I probably do not differ in my opinion from those of my classmates- our unarguably favourite was our micro- and macroeconomics teacher Hardo Pajula. Our group was his first in his famous lector career, and we still remember with a smile our first class when he appeared before us, not knowing how a dignified teacher should act.

There are really two reasons why we have formed this opinion. First, those who knew him more closely, know that a more witty, humorous person is hard to find. Second, even though he frequently socialised with his students, he never biased his teaching work based on these activities, in my opinion he was one of the toughest and most demanding of our teachers throughout my studies.

4.

To be really honest, all funny things associated with EBS occurred outside of school.

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2. **What does Business ethics mean to you? How do you choose business partners for yourself?**
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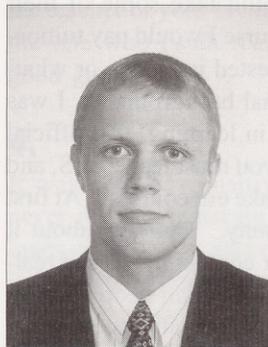
Margus Uudam
Member of the Board, Hüvitusfond
graduated with BBA in 1997

1.
Business goals may be large and small. It is probably too early to talk about achieving large goals, small goals are met with the knowledge gained from school, that the truth is grey. **There is no one behaviour model in achieving goals, in making decisions one must choose the right shade of grey.**

2.
Ethical behaviour creates trust, which is the foundation for developing co-operation. A person's ethics are clear, when they make a decision thinking that "no one will see and find out". Employees are usually like their boss, and so the manager's honesty and ethics can be easily guessed. As a rule, companies that value business ethics last longer, therefore, in choosing a partner, their history is a significant indicator.

3.
It is important today, that the teacher understands the student. If it is obvious, for example, that German is impossible for some students, then that must be understood. Teacher Sarv understands things correctly.

4.
Our group was generally well behaved. We did not terrorise our teachers with bombs, mice, etc.



Martti Singi
Director of Investments & Budgeting Department,
Eesti Kindlustus
graduated with BBA in 1998

1.
Firstly, the school taught me to think in a economical way. In our everyday life we always come into contact with limited resources, in which case economical thinking based on the optimal principle is essential.

The school has also taught me to value education, which cannot be underestimated in trying to achieve business goals. The economic environment is constantly changing towards professionalism. Therefore, many examples can be brought of personas, who made it to the top for a moment, but did not stay there, since the changed economic environment required something new from them a little while later, which they were not capable of providing.

There are undoubtedly more facts regarding school.

2.
I think that my definition of business ethics is not significantly different from other people's definition. Another question is which component of business ethics do I value most.

I have never consciously chosen business partners. If you live by certain principles, then most probably you will not need to choose a business partner.

3.
My favourite lectures were always Hardo Pajula's lectures. The systematic and unrelenting way of teaching he had requires special recognition. I think that he is the one who inspired my interest in economy as a science. This should be one of the main goals for every teacher. I have also noticed, that Hardo's students think differently than other students. I hope very much, that after earning his doctorate in the US that he does not forget his students over here.

4.
I can say that the whole environment as well as all of EBS was fun. It all depends on your point of view.



OILCLUB

When and why was it established?

The OilClub was started on April 2, 1996 in the Lasnamäe "Canal", when three of the future founding members discovered in them the idea to found an organisation that would bind EBS students. The first project was the preparation and sale of school T-shirts and hats. The earned profit went towards paying for a lawyer, who drew up the Clubs statutes and registered the club. The OilClub was officially named the MTÜ (not-for-profit organisation) OilClub in February of 1997. The club started to grow by leaps and bounds in the fall semester of 1996, and the activities became broader. The organising of sports and recreational activities were added. In the fall, the membership was divided into three departments: Sports, Entertainment and Press.

Who is active in the OilClub?

EBS students are actively involved, organising activities in addition to their regular jobs and in their free time. An Alumni club has also been formed, for those former members, who are no longer actively involved, whom the younger members can turn to for advice and know-how.



Why?

As was mentioned earlier, this is a not-for-profit organisation, which puts certain restrictions on what we can do, but also gives us a certain freedom. The organisation does not pay its members salaries, but motivates them with new experiences, meeting new people and knowledge which lectures cannot teach. The club members, having work experience on their Resumes, probably have an advantage over others.

What is the role of the Departments?

Entertainment:

The Entertainment Department's objective is to make sure that the young students have recreational activities to participate in during their free time. The department organises parties, meetings with public figures, who may be of interest to EBS students (e.g. Vahur Krafft, Siim Kallas, Hannes Tammjärv, etc.) The largest parties organised to date: EBS-Concordia Basketball Competition afterparty, Valentines Day at Club Dekoltee, Get-to-know you evening at Club Piraat, sex change Carnival and more.

Press

The Press department publishes the EBS Student newspaper, which is distributed free of charge within the School. The Student newspaper writes about monthly student activities and future events, which might be interesting for EBS students. The OilClub press department is also responsible for printing of EBS T-shirts, baseball caps and publishes the EBS Year Book.

Sports

The founding of the sports club came about due to the lack of sporting activities in our school. Since the School was ready to provide financial support and the Club was ready to provide human resources then the idea was implemented. Today, students can go swimming, play basketball and girls can enjoy aerobics, all of it free of charge. Sporting events are also organised- such as the EBS-Concordia basketball match on October 23, 1997 at Kalevi Spordihall, billiards competitions, etc. The department is an active member of the Estonian Academic Sports Association, through which we gain information, experience and support for organising activities. Our best athletes are sent to represent our School through the Estonian Academic Sports Association.



EBS LIBRARY - ANNIVERSARY YEAR

EBS's 10th anniversary means that it is our Library's 5th anniversary.

In the fall of 1993, the library was started with a modest collection of books (about 400 titles as photocopied materials). The library has grown alongside EBS, as the letter has grown and expanded in space.

Two major milestones in development of the library were moving into the modern 120m² reading hall in the fall of 1996 and a significant growth in the library fund during the last year. The fund contains over 11,000 documents and a wide variety a specialized periodicals, both in Estonian and English (about 160 titles, not all are annually subscribed).

The third step forward was the implementation of the library computer systems. The software chosen (one reason was the price) was the UNESCO system Micro-CDS/ISIS. A electronic catalogue with a multi-faceted search-engine has

been developed. There are 1750 book listings and about 160 periodical listings in the catalogue. Almost 10,000 copy data have been entered. A borrowers database with 1650 readers has been developed.

Since the current academic year we do lending operations with the aid of the computer. Searches can be conducted in the reader's catalogue (OPAC) from all computers located in the school. The library is planning to put on an OPAC use training session for employees and student.

It is also a pleasure to mention that the rather small EBS library has quite a modern book fund and is able to adequately meet the needs of the school.

I would like to especially thank EBS's friendly partner Bentley College and its Library information service manager Tjalda Nauta, who have managed to re-

ceive a grant for Estonian higher education from the US government and within this grant have twice already helped to enrich our library with very good new titles. In august we received a large shipment of 277 books (114 titles), new publications for a total value of almost 18,000 dollars plus shipping costs. The collection contains valued reference books and other economic and business books. You are welcome to come to use them. Besides the mentioned shipment, we can order an additional subscription for 7,000 dollars. I would also like to thank Tiiu Vitsut from USIS (United States Information Service), who helped with the implementation of this project.

I hope that the innovation process in our library will continue in the future as needed.

Elvi Arnover
EBS Head Librarian



CONFLICT AS OUTCOME OF POWER



Kiira Kure
EBS MBA Student
Personnel Manager, Coca-Cola Estonia Beverages



Anu Virovere
EBS Associate Professor

Words can be more powerful, and more treacherous, than we sometimes suspect; communication more difficult than we may think.
- F.L.Lucas, "What Is Style?"

If the exercise of power is important for understanding organisations, then it is imperative that we examine the outcomes of power.

Someone once observed that "life is just one damned thing after another." In most organisations, those "damned things" are conflicts of various sorts, for all too often corporate life seems to be one conflict after another. Indeed, organisational conflict seems to be inevitable. Throughout this text, we have stressed the interdependence of organisational members and the continuing need for them to behave co-operatively. Yet interdependence, this continuing necessity for interaction among people, makes conflicts unavoidable. As Bernard (1950) points out, stress and conflict will occur in organisations because they are "inherent

in the conception of free will in a changing environment".¹

As we shall soon see, conflict is not in and of itself bad. Indeed, in many situations some conflict is necessary for the organisation to function at maximum efficiency. If some conflicts remain unsolved or if it is managed poorly, the organisation as a whole will suffer. We turn our attention to yet another aspect of communication among groups of people: identifying, analysing, and managing conflict. Communication to manage conflict comprises of a complex set of strategies involving both informative and persuasive elements. In an effort to understand these strategies, we will consider the role of conflicts organisation, noting attitudes toward conflict and the settings, causes, and consequences of organisational disputes. Then we will examine several methods by which each type of organisational conflict may be managed for the benefit of the organisation as a whole. (Hayes A.P, 1995).



In order to be a successful manager, one needs to possess several specific skills. One of the important skills is managing conflicts, resolving them and problem sensitivity. When starting the research regarding conflicts in Estonian companies two main aspects were considered:

- to analyse what the typical conflicts in Estonian society are
- to clarify if the managers possess required skills and knowledge of how to handle conflict situations, how good they are at problem sensitivity.

As a result of the thesis we hope to propose a training program for managers and to highlight the skills and knowledge the managers lack as well as what the reasons are behind them.

Conflict is not inherently good or bad for the participants, the organisation, or society at large. Power and conflict are major shapers of the state of an organisation. A given organisational state sets the stage for continuing power and conflict processes, thus continually reshaping the organisation. In this way, conflict plays an important role in the development of an organisation. (Hall R., 1991).

Conflicts cannot be avoided or ignored because they are the indicators of the organisation's status and the opportunity for development, which shows the direction, and ways of conflict resolution.

With conflict comes the opportunity for growth and change, for innovation and empowerment, for problem solving and consensus building. Those who learn to confront their differences openly and honestly, to communicate about their differences with sensitivity and integrity, can contribute to a constructive and satisfying organisational climate. (Hayes, 1995).

Like conflict, conflict management can get out of hand. Conflict becomes a tool by which the powerful can manipulate situations to the detriment of the less powerful, even without their awareness of being manipulated. Conflict is part of the normal state of an organisation. The consequences of conflicts are also nor-

mal in that they are both positive and negative for individuals and for organisations. Conflict management as a process was given sceptical attention. (Hall R., 1991).

In the Bachelor Thesis 'Conflict in Organisations' by Krista Rosenberg (1998), the causes of conflicts were mainly as follows: poor job descriptions, insufficient information, changes in organisation, insufficient motivation, little knowledge, unsuitable status, scarce resources, different goals, conflicting per-

Conflicts cannot be avoided or ignored because they are the indicators of the organisation's status and the opportunity for development, which shows the direction, and ways of conflict resolution.

son, different values, absence of goals, lack of responsibility, etc.

Our analysis of the conflicts in 351 Estonian companies showed that the major part (62 %) were conflicts caused by either insufficient job descriptions or totally lacking job descriptions, lack of information, changes in organisation, and in several occasions employees were not aware of the objectives of the company. We can make a conclusion that Estonian companies and organisations need to work hard to formalise and verbalise the goals of the company, so employees who are involved in the objective setting process are more motivated. It is not enough to formulate the numeric goals, like profit and turnover figures.

The major part of conflicts are the result of poor organisation of work, lack of competence of managers as well as em-

ployees, insufficient job descriptions, dissatisfaction with job, unclear goals and objectives. These factors allow us to state that the managers' job is inefficient and not performed at the required level. Fear of unknown situations, as there is no existing behavioural model one can copy, is a serious reason why conflicts are unsolved. The fear also of spoiling good relationships prevents managers from even trying to resolve conflict.

Robbins (1974) approaches the bases of conflict in a different manner. He suggests that conflict can result from imperfect communications. Communications can be distorted, semantic difficulties can exist, knowledge itself contains intrinsic ambiguities, and communication channels can be imperfectly used. Structural conditions also lead to conflict; large size, the heterogeneity of the staff, styles of supervision, and extent of participation, the reward system, and the form of power used are among such conditions.

The theory of the organisational behaviour indicates that a company performs successfully only if it has a clearly formulated mission statement and clear goals. Motivation of employees means the ownership of these objectives by employees.

So we may draw an indirect conclusion of the analysis, that in a lot of Estonian companies and organisations, employees are unmotivated because they are not informed about the company mission and goals, they do not know the direction of development. Knowledge about the direction of changes in the organisation give employees the feeling of job security and motivation for their development.

An employee who is unmotivated can easily act as a potential reason of conflict.

Our analysis indicated that of the types of conflicts 68 % were vertical versus horizontal. See figure 1.

The more than 300 conflicts we have studied have indicated clearly that in Estonian society it is common to leave things as they are, even when conflict has broken out: the majority of conflicts

remain unsolved (70%) and people really do not care what comes later. The anger and hatred burst out, people say nasty words to each other and continue working together without even trying to find the reason for the conflict, without even discussing what was it that caused the critical situation. Other methods of conflict resolution were dismissals or leaving the company which can both be considered to be unsolved conflicts. Only 14 % of conflicts were resolved which shows the inability and unwillingness to solve problems. Conflict never disappears by itself but tends to generate new conflicts. If the basic issues are not resolved, the potentiality for future, and perhaps more serious conflict is part of the aftermath.

Estonian leaders (managers, bosses) are autocratic because they lack people management skills as well as total management skills. It is caused by the lack of self-esteem, previous socialist era, poor education, etc.

Avoidance is a pretty common way of dealing with conflicts. It is easier to pretend that nothing has happened until it is too late. The conflict has broken out. Why do people avoid conflicts?

1. A strong distaste for conflicts

2. One is afraid of how one's team members might react

Why is it bad to avoid conflicts?

1. If you don't try to resolve a conflict bad feelings don't disappear.
2. Conflicting emotions tend to arise and even intensify again some time
3. Unsolved conflicts create kind of toxic spill which are harmful to lots of different people: your team, your family, yourself, employees in your organisation. (Whitlam P., 1995)

There is a need for training managers in conflict resolution, to notice conflicts arising, understanding the substance of the conflict and problems. Development of conflict resolution should remain a consistent part of management training.

Psychological research has shown that conflict resolution is related to a person's self-esteem – the more positive and adequate it is, the more willing and able he is to solve problems.

Figure 1. Type of Conflict



In conclusion, we can say that in order for Estonian organisations to function effectively in the future, it is essential to learn to manage conflicts and that through formulation of their mission and goals they could better motivate their employees. Conflicts are good indicators of the current status and indicators that there is a need for change. Managers have to learn that a conflict never disappears by itself but needs to be handled.

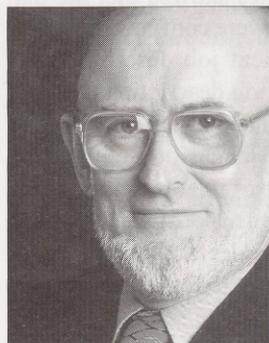
1. Bernard Chester. 1950. *The Functions of the Executive*. Harvard University Press., p.14



THE END OF THE UNIVERSITY (as we know it)? Lessons From Afar?



Roddy Livingstone
Faculty Officer
Strathclyde Business School
University of Strathclyde



Doug Pitt
Strathclyde Business School
University of Strathclyde

Introduction

There is much that is excellent in British higher education today of which we can be justifiably proud, but we have taken the opportunity of this paper to make a brutal assessment of the challenges facing us in the hope that collectively we may find some solutions of mutual benefit to us all.

The thesis of our argument today is that universities everywhere are in a state of perestroika and must be imaginative and innovative in their management of change if they are to survive. Organisations are experiencing 'discontinuous'

change: as Peter Drucker has evocatively reminded us – “change ain’t what it used to be”. This resonates well with the observation of Halsey that “in the last ten to twelve years British higher education has undergone a more profound reorientation than any other system in the industrialized world” (2).

Estonia’s ambitions for harmonization with Europe should be viewed in the context of institutional pluralism. In fact, there has been no single European model of a university since mediaeval times and the British model, if it exists, must revert to its roots and return to the profitable old alliance of academia, the state and industry if it is to meet the challenges of the next century.

When the ancient universities in England failed to meet the changing needs of nineteenth century society, the learned societies, professional institutions and later major civic universities were called upon to fill the role of promoting learning, regulating professional competence and training practitioners. Later still, local colleges were encouraged by business leaders to meet the needs of local industry. Both trends are interesting examples of the phenomenon of ‘organisational bypass’ - if a major provider of services fails to meet client need, alternative suppliers may be attracted in suitable market conditions. As we shall see, the current pre-millennial period is pregnant with the possibility of similar bypass attempts. With the development of the Estonian Business School and the privatization process in education, we may be witnessing the emergence of greater organizational pluralism in the Estonian higher education sector.

The universities responded to the escalating manpower planning needs for technologists, teachers and administrators after the second world war by doubling the proportion of their income which they accepted from the government. At the time, the Principal of Glasgow University asked if we were at risk of losing our autonomy and warned that the dominating degree of financial dependence on government might tie us to reflect its educational views (3). Present attempts to make universities more relevant to

business and industry are an indictment of those which have compromised close links with their immediate environment and developed a too ready acceptance of the welfare dependency culture.

Trends and problems of higher education in 1990-s

Government, Finance and Competition

The price of this financial dependence

Organizations are experiencing ‘discontinuous’ change: as Peter Drucker has evocatively reminded us – “change ain’t what it used to be”.

has been to follow government advice, reflected in greater rigidity of university structures. Universities have found themselves in a web of governmental relationships, intervention and control, and the demand for information is now insatiable and debilitating. These UK-wide government policies have taken relatively little account of Scottish distinctiveness or of local or regional arguments, which are obvious to everyone in Scotland, but incomprehensible to those in London (4).

British universities, despite admiration for American institutions, are still seen as relatively small, so recent expansion of higher education in the move from an elite to a mass system has been through the acquisition of the polytechnics and colleges of higher education, many of which play a mainly teaching role. One of our problems is that up until 1992 we

operated with one model of university, and in the transition to a mass higher education system we have failed to accept that the community and the economy require a rich diversity of differentiated models. The new paradigm must be greater market segmentation. Such is consistent with the position of ‘contingency’ analysis in contemporary organisational theory. This approach suggests that there is no ‘one best way’ to run all organisations - structures and management practices must be tailored to fit the specific conditions of time, type and circumstance.

Government funding has been declining recently through movements in the spending review, recurrent grant formula and tuition fees. To compensate, the universities have been encouraged to find private support, but the financial climate is no longer conducive to large permanent endowments. As a result, the unit of resource is not able to sustain the quality of teaching and learning environment which we consider necessary for our students. This has questioned our ability to maintain world class and led the Master of Pembroke College, Oxford, to declare that his own university was in danger of slipping behind international competitors and risked falling into the second division (5). Universities such as ours, therefore, cross-subsidize their teaching from other income streams, such as full-cost students, research and consultancy, and intellectual property rights.

Some universities are in a better position than others to take advantage of the changes facing us and to respond imaginatively to ensure survival and success. We are effectively in a league table situation as regards our ability to promote the economy, and finding that we need much more sophisticated league tables to reflect the many facets of our existence. Estonia has discovered the importance of reasserting the eternal mediaeval verities of ‘preference for relevance’ while undergoing rapid change from government control to a free economy. Many western European universities need some of this shock therapy to shake themselves out of their complacency on the need to work with business and industry. Here reverse

modelling is appropriate: at the very moment that eastern European universities may be drawn westward, western European universities need to take lessons from the new eastern Europe. This is reminiscent of Hegel's famous dictum that the Owl of Minerva 'takes flight only in the gathering dusk' - ideas come into 'good currency' at the very moment that they may become obsolete.

British universities are estimated to need an extra £815m by the year 2000 to remain internationally competitive, and the present government plans to introduce £1,000 a year student tuition fees will only raise £100m. The spirit of entrepreneurship lives on, however, and some universities are prepared to overcome their innate reluctance to take risks and consider departing from government recommended fee levels, while there have been suggestions that universities such as Oxford and St. Andrews might depart from state funding and become independent. The cash squeeze has also prompted talk of mergers to establish centres of excellence. Our own university is collaborating closely with Glasgow University - a recent example is in the Business School with the establishment of the Glasgow Law School - and some have predicted that the two will merge within twenty years to form one of the largest universities.

University education in Scotland was always open to the humblest 'lad o' pairs', but after the war family savings and sacrifices, scholarships and bursaries gave way to quite generous means-tested maintenance grants. Now the first beneficiaries expect the same student maintenance support for their own children, but the state cannot afford this munificence in a mass higher education system. The resulting greater sense of financial pressure is taking some of the fun and personal adventure out of study in the preoccupation with passing examinations and securing paper qualifications. There is less time for recognition of the contribution of the gap year, professional experience and non-curricular activities to the development of students' skills.

Information Technology

Thirty years ago the open learning universities were a natural extension of correspondence courses, especially for those seeking lifelong learning. Now, the imaginative use of information communication technology is vital if we are to maintain our international competitiveness. IT provides opportunities to extend our delivery options both on and off site, but more especially it enables us to individualize student learning in a mass education system. We can develop

Information technology is a prime facilitator in lowering entry barriers which previously inhibited 'outsiders' from entering the university 'club'.

and package, or source and purchase basic subject learning materials to meet the development needs of the individual student as well as reach a wider client group. Particular markets can expect specialist materials commissioned and delivered through institutional collaboration. We will see the role of staff in the less advanced stages of courses change to mainly advising, counselling, facilitating, interpreting and tutoring.

Only in last spring our own university created with Edinburgh University a Virtual Centre of Excellence in partnership with leading companies engaged in mobile communications technologies. Without such radical developments, we will be vulnerable to institutional bypass by the new technologies, which facilitate the lowering of entry barriers and globalization of the university system:

we must be on our mettle to compete with other institutions, including new market entrants such as Estonia. If the British universities do not rise to the new challenges in higher education, then there is every indication of entryism on the part of, for example, the United States or Estonia. Information technology is a prime facilitator in lowering entry barriers which previously inhibited 'outsiders' from entering the university 'club'. Higher education features strongly on the agenda for the new Scottish parliament and it has to be recognized that the only way of delivering on the elaborate electronic infrastructure necessary to achieve the vision is through public/private partnerships.

Quality Management

The Quality Assurance Agency now proposes major changes to the future quality assurance arrangements across higher education, including the creation of an elite corps of highly trained and well paid external examiners, and developing benchmark information on subject threshold standards. Fortunately in the latter case, we are involved in ensuring that the Association of Business Schools is recognized as the core of the proposed group for the development of standards across business and management.

There is evidence that the sensitive application of quality management principles, rather than necessarily certification as an end in itself, can facilitate a more productive and stimulating review of practice. An example is benchmarking against international competitors, perhaps through such a body as the European Quality Link and the European Quality Improvement System, which can provide helpful comparators of standards. Our own university has recently been recognized by selection as one of Europe's leading technological institutions to become a member of the European Consortium of Innovative Universities (including Chalmers in Sweden), which have a strong entrepreneurial ethos and close links with industry. They develop common qualifications, share research findings, centralize information systems and look at ways of launching spin-off companies.

The Future

Predicting the future is not always a productive activity, and creating structures which are imaginative enough to cope with a rapidly changing environment is also likely to prove extremely challenging. Initiatives such as the Western Governors' University in the United States have capitalized on the changing models of higher education from those stressing the importance of residential on campus, timetabled full-length courses to client centred, work, home or local centre based drop-in programmes offered by a variety of providers. Partnerships between education and industry are fast becoming *de rigueur* in the supply of programmes to expand access and make cost-effective use of higher education. The latest British initiative, the University for Industry, aims to facilitate such collaboration leading to an improved quality of life for the whole community, including those in later life where the quest for knowledge can make the disorienting business of ageing more torelabre (6). It will hopefully provide a loose framework of flexible relevant study and qualifications offered by the education and business partners, but government funding is to be limited to individual learning accounts of £150 annually.

A clear need identified by a series of government enquiries (7) is the enhancement of employability through lifelong learning leading to lifetime earning. If realized, this will mean flexible provision through physical and virtual access capable of rapid change to meet developing needs. Much is expected of universities to contribute to this ambitious programme, but success will depend on the investment that business and industry make. Some institutions will follow a competence-based, modular approach and provide, with employers and consultants, narrowly focused training of short shelf life. Others will continue to offer cohesive courses which develop critical thinking and creativity, and underpin specialist knowledge and understanding in depth. Whatever approach individual universities adopt, they must bridge the traditional route and the pragmatic route, and change to survive and

succeed in this new environment of raised expectations and increased competition. We must revolutionize attitudes, participation and delivery if we are to continue to compete internationally. A critical aspect of the vision will be the advice to participants, firstly on assessing their needs and identifying the opportunities open to them, and then on mentoring them through their studies. An imperative for success, however, will be to build on existing, and construct strong new, partnerships with business and industry.

Partnerships between education and industry are fast becoming *de rigueur* in the supply of programmes to expand access and make cost-effective use of higher education.

Predicting the demise of the university as an institution is a somewhat hazardous occupation. Daniel Bell long ago preached the arrival of the 'knowledge society' (8). Arguably, universities will remain the central landmarks of the twenty-first century educational landscape. However, they may less resemble cathedrals of academia, rather more networks and, in some cases, 'virtual institutions'. As McNay has indicated, we may be witnessing the birth of the atomised academic community with the disaggregation of the university as an institution into:

- small, task-focused work units
- each unit with economic and managerial control over its own destiny
- interconnection with larger entities through benign computer and

- communication links
- bonding into larger organisations through strong cultural links.

Whatever historical pathway we choose to characterise the institutional history of the university, it is obvious enough that the British university (to echo Halsey) is processing through a period of intense change. The organisational change literature should sensitise us to look at both the positive effects of change and its accompanying demotics. In the era of the 'learning organisation', the strategic coalition within the organisation must be sensitive to the needs of a more demanding clientele (fee paying students may well become more discriminating). Internal marketing of the change process will also entail more open decision-making and discussion. Lip service is frequently paid to this and to the importance of academic freedom (to 'advise, encourage and to warn').

Yet the pitfalls of the change process are increasingly apparent. There is some evidence that, since the Jarratt Report of 1985 (9) strategic decisions are increasingly concentrated in the hands of central management, suggesting that bureaucratic authority is being enhanced to the detriment of practitioner (academic) control (10). A recent report by the National Audit Office (responsible to the Public Accounts Committee of the British House of Commons) into irregularities at one of the post 1992 universities concluded that a culture of 'managerialism' may subvert collegial values to the overall detriment of the institution. Alerted by such examples, the Funding Councils have initiated a debate on corporate governance itself, echoing wider debates on 'standards in public life' by the Nolan Committee (11). This and related issue areas seem destined to retain an increasingly important position on the post-millennial reform agenda.

Closely related to the issue of managerialism is the issue of de-professionalization. Trow has constantly remarked on the power deflation of academics in the contemporary educational process. Such power deflation is linked to greater demands for teach-

ing and research productivity and to a marked decline in reported job satisfaction (12). Preoccupation with paper-driven audit and assessment procedures appears to be having a debilitating effect on morale and staff resources. 'Massification' of the staff-student relationship following the marked increase in student numbers may soon be recorded both in institutional and in personal stress levels. Paradoxically market liberalization has been achieved by a deterioration in working conditions and greater central government involvement with all that that implies for the loss of institutional autonomy.

Whatever the future direction of higher education in the U.K., the unquestioned adoption of the British model would seem suspect. At the very least, its emulators should pay close attention to its hidden health warning. Two clear messages stand out in stark relief. Ironically, the drive for quality measures may

produce unintended consequences, most noticeably a general lowering of quality standards. Lack of diversification may similarly produce the dysfunctional consequence of unfitness for purpose. Predictably, the headlong rush for university status has left large segments of market and economic need unfulfilled. The result is a growing imbalance in educational provision precisely at the moment when diversification is most appropriate. Any attempt to purchase the British higher education experience and apply it unquestioningly in Estonia should surely carry the rubric *caveat emptor* – buyer beware.

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Executive Summary

Domestic firms that survived the initial shock and transitions as the former Soviet Union and its satellites broke apart now face a tougher challenge. After experiencing the initial euphoria of new political, economic, and social freedoms, they now face the reality of making their companies and systems work in the long run. This article explains how the Tallinn

SURVIVING THE NEW COMPETITIVE ENVIRONMENT IN A TRADITIONAL ESTONIAN INDUSTRY

The Tallinn Piano Factory

Piano Factory accepted the challenge to transform itself and the pitfalls it is now encountering after the first wave of changes. (The article is from an international journal article, *Playing a New Tune: The Tallinn Piano Factory in a Competitive Environment*, by Peter Manning and Viive Uus.) The interim success and failures of this firm in developing and implementing a successful marketing strategy highlight the greater issues challenging firms within

the growing Baltic economies 10 years after the initial upheavals began.

I had a pleasant chance to play the superb concert grand "Estonia" I can say that it has exceptionally clear sound and creates an excellent sound atmosphere. Even more important is that the keyboard is light, flexible and provides the pianist a chance to produce various effects.

Van Cliburn

The last decade of the 20th century has been exciting, challenging, and painful for individuals who were part of the former Soviet Union. The old systems of planning and operating are giving way to new ideas based on the concepts of free market economics.

While many firms have been able to withstand the initial set of challenges, the ability to continue adapting over a longer period of time presents an additional set of threats and opportunities. One example of this is the Estonian piano industry.

Historical Background

The art and heritage of making pianos in Estonia goes back over 200 years to the second half of the eighteenth century. Initially the industry included individual entrepreneurs who combined their craft with making furniture or specializing in tuning and repair. The devastation brought about by World War I forced some to go out of business and others to migrate to Germany or America. But at the same time, it resulted in a migration of over 30 tuners and piano makers from St. Petersburg who settled in Tallinn. This core of professionals kept approximately 20 factories operating during the inter-war period.

The Tallinn Piano Factory, under the direction of its founder Ernst Hiis (1872-1964), was one of these firms. During the years of Soviet control over Estonia's affairs, the status of the company continued to grow, and it became the principal supplier of grand pianos to concert halls, music schools, influential musicians, and wealthy patron from throughout the former Soviet Union. During that time, the firm offered four grand piano models and also made the traditional folk instrument (kannel).

The Company in Transition

As the Estonian economy and political

establishment took the first steps toward freedom in the early 1990s, the management of the Tallinn Piano factory faced a series of fundamental issues. They had to develop and initiate a marketing strategy since there was nothing in place and the market around them was rapidly collapsing. They had to set up western-style financial systems to track items like cash flow and inventory control since the old system did not provide a clear picture of the firm's economic status. They had to find new suppliers since several of their traditional providers of raw and special-

While national pride might be an important ideal for the company's survival, the actual ability to understand and then respond to issues would be more important in both the short and long run.

ized goods were no longer in business or provided poor products or services.

The leadership of the firm-while not totally understanding the economic changes going on-did have several factors going for them as they entered the turbulent period of the late 1980s and early 1990s. First, as a small operation that made only one product, they could alter production more easily to meet demand. This involved not only the existing piano production, but also the temporary transition to making customized tables, chairs, and doors in order to keep the factory going. Second, while the availability of certain parts might fluctuate, the company was able to maintain overall product quality.

Finally, there was the intangible idea of continuing a product that had the name ESTONIA as part of the title when other

parts of the national identity had been stifled by outsiders. For a population without this sense of individual, national identity for almost 50 years, this was an important point. But while national pride might be an important ideal for the company's survival, the actual ability to understand and then respond to issues would be more important in both the short and long run.

The company also faced a series of negative issues that were typical of organizations in transitioning economies. First, the warning signs in most firms took longer to develop or were not taken seriously at the management level. For example, from a financial perspective, this limited or negated the company's ability to monitor its existing operation and to successfully plan its economic future.

A second difference involved the firm's ability to control its destiny. This included excessive inventories and unnecessary material, unsupportive employees, and an inability to quickly gather the necessary resources to change. While these same problems might exist within a firm in a developed economic setting, management could be more forceful and not depend upon pleasing so many varied interests.

Determining the potential for external support was a third profound issue. Under the Soviet system, the company depended upon a centralized system that was several hundred miles away. But by the end of 1992, central planners were no longer part of the process. They did not have any input into the planning and production process; in fact, they even stopped answering the phone.

In order to accomplish a successful transition, the officials at the Tallinn Piano Factory devised a plan that centered around evaluating and implementing several major issues. The first part involved an evaluation of the product environment, the customer base, and the competition. Before the days of television, computers, and electronic equipment, a piano served as a main course of family entertainment.

Today other forms of entertainment compete for leisure hours. There is also a growing interest in pop music which is

not dependent upon a piano or at least a traditional grand piano. Individuals who consider a purchase have a variety of options (e.g., grand pianos, vertical models, electronic instruments).

As part of its overall strategic planning process, the company needed to relate its product line to the changing customer base. Traditional customers could not be counted on as a stable source. Additional efforts were needed to develop markets beyond Estonia and Russia. This resulted in developing potential customers and evaluating potential competitors in Scandinavia, Western Europe, North American, and Asia.

The second part involved implementing opportunities in production, marketing, and sales. The immediate concern was maintaining quality control since the new competitive environment put demands on a firm that built a specialized product. A strict inventory control process was put into effect. A marketing director now became part of the staff. Promotional materials took on a new look (i.e., more polished in language and layout). A highlight of the company's success in developing opportunities came about in 1997 when it collaborated with the world-famous Steinway Piano Company through a jointly televised news conference and concert presentation

Future Prospects

The Tallinn Piano Factory sees itself as a maker of individually-crafted, high quality European grand pianos, combining the highest quality wood and European-made parts. As the company faces the 21st century, it must continue to adapt this view to an entirely new set of circumstances. A successful fixture is not guaranteed. Asian manufacturers-with their world wide sales, marketing, and service strategies-are still the major source of competition in this mature market.

Several options might be explored to ensure continued profitable growth. The most obvious might entail expanding the current piano line and production. One alternative might be to develop a line of grands while another might expand pro-

duction to include upright models, electronic keyboards, or computerized player pianos. The latter scenario would entail a large commitment of staff and resources, even if undertaken through a joint partnership. Producing pianos under another firm's logo or becoming a supplier of parts or materials (e.g., wood) could also support the firm's financial stability. Another option might be to develop ancillary support services to the main product line. This could be tuning and restoration services; transportation services; a network of teachers to pro-

As part of its overall strategic planning process, the company needed to relate its product line to the changing customer base. Traditional customers could not be counted on as a stable source.

vide lessons; as well as a financing service to assist potential buyers.

Finally, a third option involves the potential to expand beyond the production of pianos by building or licensing a line of complimentary furniture and piano-related products (e.g., music stands, lighting fixtures, etc.). Any of these development efforts will depend upon the production and managerial capabilities of the current operation, as well as those of the potential partners.

Conclusions and Lessons Learned

Since its founding in 1893, the Tallinn Piano Factory has survived through wars and periods of intense political upheaval. Ten years have now passed since the initial efforts that resulted in

the transformation with Estonia, the Baltic, and the former Soviet Union. In reviewing their successful efforts to guide the factory through the initial years of transition, management officials feel that several factors sustained them in keeping the firm solvent. As a first step, the firm initiated an ongoing strategic assessment involving:

- who we are
- why do we make pianos
- which pianos do we want to make and
- where do we want to sell them.

As part of their strategy, company officials worked to develop a cosmopolitan mix that incorporated the best from European, Asian, and American traditions.

The company's success-as well as other firms struggling to find their place in this new environment-will depend upon how it continues the turnaround strategy it has begun. Building a successful, competitive firm in a world wide free market environment is the ongoing goal. Company officials are already planning their next generation of instruments. For Estonians, this has special significance since their identity not only comes from their own language, geography, and traditions, but also from music. For those individuals who are interested in following the changes going on in transitional economies, the next chapter of the Tallinn Piano Factory's development will be just as interesting to document and monitor.



The programs offered at the Estonian Business School in 1998/99 are:

Bachelor of Business Administration

Study forms:

full-time

evening

distance

Internet-based distance

International Bachelor of Business Administration

Study form:

full-time

Language:

English

Bachelor of Public Administration

Study forms:

full-time

evening

Diploma Program of Entrepreneurship and Business Administration

Study forms:

full-time

evening

distance

Internet-based distance

Executive Master of Business Administration

Doctorate in Business Administration

SILICON VALLEY IN THE TWENTY FIRST CENTURY

Will entrepreneurship give way to success, government control and professional management?



Dr. P. Marshall Fitzgerald
Founder of EBS

This is an abridged version of the graduation speech delivered by the author to BBA Graduates.

Silicon Valley in the Decade of the 90's

Silicon Valley is an area approximately 100 KM long and 15 KM wide. It is not a valley, but a densely populated region in Northern California, a few KM south of San Francisco. In the past 50 years, Silicon Valley has been the home of thousands of start-up companies, some became famous, many of international presence. The Valley is home to a unique infrastructure of supplying firms, technology centers and first-rate universities, all required in this ever-changing industrial center. The Valley is a self-sufficient supplier of technically sophisticated products found in most businesses and many homes. All of this came about because the conditions of education, weather, environment and people openness coexisted at the right time and in the right place. It was believed from the very beginning that an open flow of ideas was essential to peak performance. That the openness depended on an atmosphere of trust and security between workers and managers alike so that both could feel safe in sharing ideas to generate innovations or greater productivity. I have been privileged to have been schooled in the Valley. But I have worked, grew a family, lived in the Valley for 40 of these years.

Silicon Valley recovered from the collapse of the semiconductor memory busi-

ness in the early 80's. It was in a downward adjustment when I presented my seminar in 1987 here in Tallinn. But the intrinsic strength of the Valley came to life again in the late 80's and early 90's allowing it to dominate the world markets for specialty semiconductors, microprocessors, workstations, small computers and software and telecommunications that we see today.

Why did Silicon Valley come back? It's clearly because Silicon valley has developed a unique networked institutional system built on two paradoxes. First, the success of the regions specialized companies depended critically upon commonly accepted technical standards. Second, the supplier networks are rich in technology, offering design complexity, to the large specialized firms. So its common standards, long-term supplier relationships, openness and trust that has made the Valley the envy of the world. The promulgation of a full range of now industry standards was and continues to be essential. It become the center of the trend toward standardization and modulization permitting companies to continue to specialize and create new and more advanced products very quickly. Silicon Valley does not manufacture high volume, low cost products. These products require massive capital investments. It chooses rather to grow at the expense of such companies by fragmenting the markets. The difficulty we had in the middle 80's is directly traceable to our attempt to manufacture in high-volume and compete directly with the Japanese in the commodity business. The Japanese proved themselves better at this that we are. They proved it quite quickly as they have become the world's supplier of memory chips that are used in every computer sold.

The venture capital business in California is having its the most robust, successful and lengthy period in its history. It is putting previous cycles to shame. The industry racked up 62% returns in 1995 compared to a ten-year average of 10%. Initial public offerings are driving

the success. In 1995, \$8.2 billion in venture capital was raised, twice the amount from 1994. Internet related start-ups are the rage as are medical device companies but biotechnology has faded. Telecommunications is hot and getting hotter as a result of the auctioning of bandwidth by the US Government. It is interesting to note that 90% of the funds flowing into start-ups or developing companies are coming from university endowments and pension funds. Of note also is a new law that will allow an unlimited number of qualified small net worth investors to enter the venture capital business.

Many Silicon Valley companies still rely on off-shore manufacturing, however this reliance on out-of-State and off-shore suppliers has reduced measurable in the 90's and should continue to be reduced during the rest of the decade. But these companies headquartered in Silicon Valley who do manufacturing in other countries attempt to emulate the supplier proximity's that they enjoy at home. Most establish design centers allowing them to differentiate their product for the indigenous market and integrate their marketing at the remote location. Some have established relationships with the local Universities attempting to replicate the custom of working very closely with university research centers as they have traditionally done with Stanford University.

Some Danger Signals are on the Horizon

As we transition into the 21st century there are some danger signals that I see in the management process in Silicon Valley firms. The signals point to a shift in the culture in the Valley. When a cultural shift happened in the early 80's we had great difficulties.

Some of these management issues have posed ethical business questions that the corporations have faced in the past ten years or since the Estonian Business School was started. Management will



certainly face these questions in the future in a much larger world-wide market place. In the United States these issues will unfortunately bring into play a highly critical Government as I see no other way in which these issues will be addressed in an effective manner. But fortunately the Government is somewhat hesitant and ambivalent and in many cases politically impotent to render much help or damage.

Establishing and promulgating moral standards

The first of these is the issue of establishing and promulgating moral standards in the business setting. Business integrity needs to be forcefully addressed and placed into the work ethic of Silicon Valley. It is the main issue other than technology and market place that I see facing us in the next decade. Under the pressure to, (1) survive as a company and, (2) maintain a job as an employee, one has to answer the question, "what will motivate the company and the employee to do the right thing; the correct moral thing in his or her business dealings." Clearly it will require more than knowing the rules. Up to now this and the documenting of rules has been the primary emphasis of many corporate ethics programs. But integrity is a personal issue, motivated by many factors. The work of Lawrence Kohlberg will be useful for companies to study when establishing higher ethics standards in the next century. Kohlberg identified 6 stages of moral reasoning; moving from considerations of punishment and reward, that is the carrot and stick mentality, to higher considerations, including interpersonal relationships and loyalties to abstract principles. On both ends of the scale, Silicon Valley has done well. We police the wrong doers who operate outside the law because we feel that the law is intrinsically valid and morally applicable. Legal compliance is felt to be an absolute principle. But in the upcoming decade Silicon Valley management is going to have to do more than it has done in the past. Larger issues are arising. Questions being posed, and the one's being discussed, include the following:

1. How does a large Company determine which individual is responsible for a product defect? Products are handled by many company functionaries, in many different countries, with each country having its own set of moral constraints. When a product liability case is handled by the courts in the United States, the verdict tends to punish only the company or as is most likely the case, the company settles out of court, making a mockery of the systems of rewards and punishment. In some cases we tend to make the victimizer; that is, the person or company which causes the harm, the celebrity, indicating that crime does pay. Plenty of examples are found in the security trading business and in the Savings and Loan business in the United States.

2. How does the employee deal with Kohlberg's 2nd factor that is "reciprocity," when he sees the wage gap between salaries of top management and those of first-line employees widening. He sees that dividends are increased to the shareholders at the same time that thousands of employees are laid off, even though the company has always been profitable.

3. How does the individual employee deal with the factor of macro-loyalty when he sees his country's leadership taking objectionable stances, that is a-moral positions. Matters such as abortion, sending armed forces to intervene in affairs not involving the United States, withdrawing aid to millions of single mothers living below the poverty level, and even questioned integrity and honesty in the US White House itself.

The greatest challenge to securing high ethical standards in the next decade is to establish credibility to the standards established by the company management. Business ethics must move beyond rules clarification into the not so well documented and promulgated field of, values clarification. Companies and Government must establish credible links between good ethics, business success and personal reward. And finally, employees must be emotionally certain that the claims for high standards of compliance are truly valued by top management and reinforced by law.

Moral issues in the external environment

In the external environment, Silicon Valley is faced every day with the issue of handling payoffs, that is; extortion, grease money, gifts and bribery when dealing with a foreign country's customers. In the wake of overseas bribery scandals, a new federal law was enacted by our Government called the Foreign Corrupt Practices Act. Most business people who have studied this law and its potential effect with experience in the overseas market, believe that it is a ill advised, placing American businesses at a distinct disadvantage. Nearly all countries have laws against bribery of its own officials but only the US has a law against bribing other countries officials. Silicon Valley has not had more than one or two decades of foreign business experience so it is ill-equipped to deal with these issues. The laws in the United States when doing business in the United States are relatively clear, but in foreign countries, it's not the case.

In general we condone some degree of extortion. An example would include an under-the-table payment to a local security force which demands payment or it will cause bodily harm to employees or destroy valuable property. At least one Silicon Valley company has left a foreign country where such lawlessness is condoned. Even grease money has been given to ensure timely execution of a lawful act, such as the movement of product through customs that has been sold but not delivered, thus not paid for. In all cases studied it has been the accepted practice in the country of question.

Bribery, that is the payment of money to someone or some firm to get something done to which the company is not entitled, may be condoned by some company employees, but it is a rarity. All companies condemn this act and claim that it is not performed. But what about political contributions. In general it is not considered unethical to contribute to a political fund even though it is against the law for a corporation to do so in the United States. It is against the law in the United States to pay extortion

or grease money to foreign Government employees or to individuals. Confusion exists and no one approach is followed. How can we perform in an ethical manner and teach our employees ethical company behavior when we are braking US law.

Employees are strongly influenced by the conduct of management. That's why it's so critical that individual managers understand how employees view them and to understand the impact that their decisions will have. The managers must create an environment that permits employees to behave ethically. It's equally important that workers appreciate the importance of managing their relationships with their manager and their peers, and how to alert the companies senior executives to wrongdoing in the safest way possible.

Executive Pay and Benefits

Another major issue today and certainly into the next decade is the issue of skyrocketing compensation for executives. In the middle of 1995, these same "production and non-supervisory workers" were earning 18% less than they were making 20 years earlier, or at the time of the middle-East oil crisis. These salary criteria should include many other parameters other than the traditional bottom-line figures such as profit, revenue, return on stockholders equity, and cash flow.

I suggest that other parameters might include tying the executive compensation to:

- the average wages of the non-executive employees;
- dividends;
- meeting certain operational goals like intercommunication between employees,
- patents issued, new products introduced;
- employee profit share and the number of new employees awarded stock options in a current year.

The Older Employee

But what about the issue of the older employee. This is the employee who has given fully and generously of his or her talents, is older and has not keep up with the technology. This is the issue of "anguished ethics". Should a company establish a policy of forced retirement? Should the company find a niche in the corporate structure for the square peg and place them into the round hole? The problem with all of this is that employees are treated as costs to be cut rather than assets to be deployed and developed.

The Overworked Employee

Another problem I see on the horizon is one that has been around for a long time, that is the problem of the "Overworked employee." We are still living in an environment where the management believes that lowering hours of work adds cost to the product.

Lack of good education in the high schools

We have record employment and low unemployment figures but in all of this hides the fact that our high-school graduates are unemployable. One out of four new jobs in the year 2000 will require technical education. In the 90's, Technology driven companies have and are still relying on temporary services and prefer to wait to hire workers in their mid-20's after the above average, obtain work experience, elsewhere.

I see education as the only way to remedy this situation. Businesses need to form partnerships with schools to develop school-to-work programs for these untrained youths and in many cases immature young ones who are ill-suited to settle into our traditional life style.

Solutions

I do not offer solutions to these above mentioned issues. But it is an issue of values clarification that is facing many CEO's in our Silicon valley companies. I do however propose a way to work to-

ward a solution. Some have said that the universities need to work this problem. This is a good start. Harvard University has been very active in exploring the role of ethics in corporate affairs. Other universities have followed suit. Possibly the Estonian Business School could offer the lead in Estonia. University research personal will be wise to revisit the issue as well. Topics for research include:

Concept-building: Delineation of clear and precise ethical responses to imperatives brought on by ecology, consumerism, minority claims, third-world views and the like.

Case writing: For business schools and for liberal art majors as well.

Comparative analysis: of professional codes to determine common assumptions, explore differences, and to contrast them with practices in other countries. For example, the term conflict of interest seems has different meanings in England for attorneys and accountants than the same word does in the United States.

Ethic issues for the individual employee and the managers are very different. There are some steps that we as managers can take while we wait for the government and the university research facilities to examine the broad issue of Ethics in Business. I suggest the following three steps:

1. Managers revisit their hiring methods. Hire only the best-trained workers, accurately appraise their previous performance and evaluate their performance after they are hired with regularity. It is essential that managers know how to discipline and terminate an unsatisfactory worker. Hiring, performance evaluation, discipline and termination's are all ethical issues. They all involve fairness and dignity of the individual. In the next decade, we in Silicon Valley are faced with the fact that 70% of the jobs in will not require a College education. We will be keeping in mind that 85% of the new entrants into the work force in the United States will be woman, minorities, or immigrants. Ethnic and racial minorities are growing faster than the population



as a whole. San Francisco's population today is predominantly Asian and the non-Caucasian workforce is very substantial in Silicon Valley. This mix offers a challenge that has not been faced by our executives. Most of the managers are Caucasian and racial, ethnic, religious or sexual stereotype thinking can creep into the behavior of even the most sophisticated.

2. Managers be trained to deal with the diverse work force. The manager involves himself in positively influencing the relationships among team members and creating an ethical work environment that enhances individual productivity. Managers are role models. Being a role model involves more than simply doing the right thing. It involves helping employees do the right thing. A role model inspires employees respecting their opinion and concerns helping them define ethically gray areas

3. Manager realizes that he or she is responsible for the actions of each of his or her employees. Good communication is essential, being the role model for your employees is key but these of themselves are not ethical issues. They are techniques to avoid problems that are ethical in nature.

The bottom line is that managers must realize the power they hold as legitimate authority figures in work organizations. Old concepts die hard. And even today, in team-oriented organizations, most people do as they are told. Therefore, authority figures must exhibit ethical behavior and they must send powerful signals that ethical standards are expected of everyone. This message should begin the top of the organization and work its way down to all levels within the organization. Second, when unethical behavior is identified the investigation must consider the explicit and implicit messages being sent by authority figures. Do not assume that the individual is acting alone and without influence. Our tendency is to attempt to isolate the problem, find the culprit and get on with our lives. But the culprit may have been explicitly or implicitly encouraged by a superior and this possibility should always be taken into account. It will usually be the case.

As to the individual, he or she must feel responsible for their actions. The responsibility can not become diffused. The feeling of personal responsibility is a prerequisite for correct moral action. But in the organization where the individual becomes disconnected from the consequences of his or her actions and doesn't feel responsible for them, watch out. The management takes away the personal responsibility when it says, don't worry, we will take care of everything. The worker must be listened to and the responsibility must not be taken away. If the worker believes that unethical behavior in their work or the work of others is not their concern, such behavior will no doubt occur. Don't resort to group decision making. Business is not a democratic process and should not be allowed to be one. When organization decision is condoned, the individual feels no personal moral responsibility to the decision. If your company resorts to group thinking as a means to reach a decision, appoint a devil's advocate or a red team who's purpose is to analyze and present the adverse consequences of each and every position taken by the group. It is easier for a member to take an opposing position when it is their role to do so. Don't diffuse the problem, into such small parts that one's part becomes so small that the person involved sees his or her decision as a small cog in a large machine. Its called the "fragmentation of conscience" and we in the United States used it quite successfully when we conducted the war in Vietnam. Any person in the organization can be placed in an a position where he or she is "not involved". To do so is to invite disaster. Don't diffuse the moral issue by arguing that the effect of the decision is not in my playing field. In situations where the victims are psychologically distant, the worker will be more apt to feel less responsible.

The workers must be apart of the decisions in all case. The environment in which they work must be such that they are able to bring to the attention of management moral business issues as they see them.

Once the manager establishes the environment and the proper level of responsibility by holding individuals respon-

sible for their work, the remaining challenge is to analyze himself in relation to these ideas. If your goal is to be an ethical manager, you must (1) promulgate the ethical implications of decisions as well as the guidance, (2) alert your subordinates that you want to hear the potential bad news, (3) evaluate your employees performance with moral and ethical parameters, and (4) reward ethical conduct and discipline unethical conduct and do so with a firm hand.

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THE EVOLUTION OF PUBLIC RELATIONS: STAGE OF DEVELOPMENT IN ESTONIA



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This is a brief overview of one section of the Bachelor Thesis "The Evolution of Public Relations: Stage of Development in Estonia", which was defended in May 1998. The research's advisor was Charity Sack and the opponent was Ann Vihalem.

Introduction

"...If the circus is coming to town and you paint a sign saying 'Circus Coming to the Fairground Saturday,' that's advertising. If you put the sign on the back of an elephant and walk it into town, that's promotion. If the elephant walks through the mayor's flowerbed, that's publicity. And if you can get the mayor to laugh about it, that's public relations."

Reader's Digest

There are three main reasons, which urged the author to choose this topic. First, most business people in Estonia do not really know what public relations is about, and it is often mistakenly related to advertising and publicity. Secondly, the public relations industry is a very current topic in Estonia at the moment and needs thorough research. Finally, the author had a chance to work as a public relations practitioner in a utility firm in the U.S.. This experience enabled her to familiarise herself with the current situation and trends in the U.S. market, which presents the opportunity to compare the development and sophistication of the field in Estonia.

Public relations is a twentieth-century phenomenon. Public relations activity is related to the rapid mass media development, which started to flourish especially in the second half of the century. The foundation in 1948 of both the Public Relations Society of America (PRSA) in the United States and the Institute of Public Relations (IPR) in the United Kingdom unarguably mark the beginning of public relations as an organised profession.

Public relations has emerged as the dominant force in what is fundamental to success in business and politics: the engineering of perception.

The Public relations field is changing very rapidly and that is why in the following section the evolution, current situation and future of public relations in Estonia will be analysed in order to see the development.

Origin and Development

The foundation and the development of the PR industry in Estonia has been extremely rapid and as Jaano Martin Ots said in his interview [5]: "I dare to think that we have accomplished virtually the same development in Estonia during three years as others did during 50 years."

While different people in Estonia have stated that they have dealt with PR 10 years and more, the first PR firm was founded at the end of the 1994; it was the international company Hill & Knowlton Estonia. The active founding of PR firms started in 1995, because suddenly some people noticed this was a totally undiscovered field in Estonia and, of course, there was hope that this was an easy way to earn money. Soon, it was clear that this perception was totally wrong.

We can say that the PR industry in Estonia is about three years old.

"In the beginning, PR in Estonia was very naive - things heard from somewhere was something everybody wanted to do and PR firms drifted from one side to another. On the other hand, the customers were also very incompetent," so describes Jaano Martin Ots the beginning of PR development. The main services customers asked for were: first, write in a exclusive newspaper how good I am; and second, write how bad my competitor is. This shows that in the beginning the understanding of public relations was totally wrong and primitive. It was time for PR firms to start to educate their customers.

In 1995 the Estonian Public Relations Association (EPRA) was founded and the founder and president of the EPRA was Aune Past.

In 1996, a PR speciality was opened in the University of Tartu. At the moment we have two courses of students in Estonia.

In 1997 the Estonian Public Relations Firms Association was founded and EPRA adopted a code of ethics.

In companies where PR specialists existed before PR firms were founded, PR was totally mixed with advertising, publicity, and marketing. The author of the thesis conducted a survey among Estonian Top 100 companies [6] and found out that only 28 percent of those, who state that they deal with PR, have done that for more then 4 years. 60 percent have been dealing with PR about 1 to 2 years.

Everything stated above demonstrates that conscious PR activity in Estonia is still a very young field and it is very difficult to determine the development at this point.

Current Situation

Jaanus Arukaevu [1] explains that there are 4 basic elements that urge companies to get involved with public relations:

- Companies which have obligations e.g. stock exchange companies
- Companies which have lots of customers e.g. large hospitality or commercial enterprises
- Companies which need to inform its market and partners constantly in order to be successful
- Companies which are facing a crisis.

The situation, that companies look for public relations when the house is "in a fire" already, is very typical in Estonia. Entrepreneurs have not yet come to the understanding that it will be more effective to invest in fire resistant materials during the construction of the house. In Estonia, most companies do not see public relations as a long-term strategy. Another mistaken imagination is still the hope that with public relations, you can advertise free of charge.

The current situation in Estonia reflects that the understanding of PR among managers is still pretty confusing and vague. Many leaders claim they actively deal with PR, but when you look closer, then it appears that there is no official plan, and that the main concern is how to communicate with the media. To find the most objective overview, the author conducted a survey among Estonian Top 100 companies. Let's look closer to these results.

100 surveys were sent out, the response rate was 43 percent of which 20 percent do not deal with PR officially. 100 percent of those do not also intend to deal with PR in the future.

The results of the survey showed that 80 percent of respondents state they deal with PR. From the question, "what does their PR program consist of", 20 percent answered that their PR program consists of media relations and marketing communications. That is publicity, not relations. For instance we cannot talk about marketing if we just sell something; it is the same about public relations. We cannot talk about PR if we deal only with publicity.

Of these respondents who said they deal with PR, only 59 percent have a written plan for their PR activities. Jaano Martin Ots, from Ots & Partners comments: "The memory of a person has such a characteristic that it forgets, and if we set goals for us today, in a year we are

already moving in a different direction, which means that all the activity so far has been unorganised and pretty senseless. Without having control over the situation we just demolish the work we have done during the previous year." Public relations is most effective when it is approached strategically, systematically and consistently. A PR plan is an effective tool for keeping the process on track and provides an important means of evaluation at the completion of the program. Without a plan, we cannot measure the effectiveness. Aune

The situation, that companies look for public relations when the house is "in a fire" already, is very typical in Estonia. Entrepreneurs have not yet come to the understanding that it will be more effective to invest in fire resistant materials during the construction of the house.

Past [5] explains: "We have to measure the effectiveness because PR is not a purpose of its own". But, as a practice of PR firms shows, companies do not want to spend money for measuring effectiveness. Henri Käsper [5] comments on the issue: "The most sensible tool to measure the effectiveness is research, but in Estonian practice this is pretty rare. It costs money and PR itself costs money." As Aune Past said, PR is not a purpose of its own, then the experience demonstrates that for most companies who outsource PR activities, PR is a purpose of its own. They do not care whether it is effective or not. It only matters that a company is involved with a modern sphere and it is mostly question of prestige. Estonian business society has not yet reached the level of doing PR efficiently; they just do something in order to seem to be modern.

All interviewed PR professionals agreed that today most managers in companies do not really know what PR is about. Some of them have an idea, but in most cases it is not complete. Jaano Martin Ots says: "I think about 10 percent know, what it is. These people are more or less those who are the customers of PR firms at present or who have been customers previously."

In terms of three years there has been development in planning PR activities budget. Henri Käsper from KPMS & Partners comments in his interview [5]: "When we started two and half years ago we did not have any customers, who had a budget for PR activities, in 1997 we already had some and 1998 we have even more." But still, in most companies, it is not included in their financial plans.

56 percent of those who deal with public relations outsource activities from PR consultants and only 25 percent have a PR person in a company. For example a survey conducted in the United States by Bisbee and Co., Inc. [2] shows that 73 percent of companies outsource PR activities. According to the survey there were three main categories of respondents who claim to deal with PR – general manager, marketing manager, and personnel manager. Only 50 percent of those who do not have a PR person in the company outsource activities. Which makes it pretty obvious that these companies really do not know what PR is about.

As different PR specialists have said, there are about ten PR professionals right now in Estonia. Some of them have studied abroad and some of them have a strong working experience. Lots of people who have entered PR field in Estonia have a Party member and journalist background.

Compared to the survey conducted by Bisbee and Co., Inc. mentioned above, the most frequently outsourced activity among respondents in the US was writing and communications (73 percent), followed by media relations (45 percent), publicity (38 percent), strategy, counselling and planning (37 percent) and event planning (32 percent). Speech writing, research, community relations and cri-

sis communications were also identified, although not as often. Unfortunately, nobody has conducted such a survey in Estonia but the information received from the interviews with PR professionals enables us to compare those results with the Estonian experience. The largest demand currently is for corporate public relations, which usually involves a yearlong plan involving media relations, internal communications, and events in order to create or improve the image. There have been a few customers outsourcing crisis communications but usually after the crisis has occurred.

While in the UK the percentage of people working in the public relations industry is about 0,08 percent (~48,000) [4] of the whole population and it is about the same percentage (~200,000) [3] in the US, then in Estonia it is a lot less, about 0,02 percent. This percentage is going to rise in the future of course, but at the moment we cannot say that we are at the same level and share the same experience with countries from where the official development got started.

As the information given above shows, PR in Estonia has not reached a high level of professionalism today and we cannot compare it to the United States, for example. There is a lot of room for further development in this three-year-old field in Estonia.

Future Trends

The PR market in Estonia will increase in the future. In two years, the first PR professionals will graduate from the University of Tartu, many of them already work and the demand in companies for PR professionals is increasing. PR agencies do not predict that there will be many new PR companies entering the market, and Henri Käsper from KPMS & Partners specifies that these companies who will enter are probably a small size companies with couple of consultants. From a PR firm's perspective the market will not probably be as large, as is, for example, advertising. But it is going to expand to the other Baltic States. Henri Käsper explains the necessity for this: "International customers are going to play a far more important role

and they are not interested in looking to one Baltic state alone." The market is also stabilising and unprofessional companies will be screened out. "While the main customers for PR consulting now are large companies, there is a free market segment for smaller customers," says Kaja Tampere, a member of EPRA. Small PR firms will probably emerge offering more personal service.

The future of PR in Estonia is directly and strongly related to the development of mass communication and every PR professional will be interested to see what will happen in this field. While the Estonian market is very small, it is pretty unreal that there will be enough space for many more special interest publications.

"Compared to other countries, there is still enough room for development in the range of services we offer today," admits Janno Toots from Hill & Knowlton. The new field that is going to be a part of PR, which is not very well known in Estonia yet, is marketing communications. In the next few years the specialisation starts and PR companies start to think which field it is going to be their speciality. Jaano Martin Ots from Ots & Partners describes: "The first sign of specialisation is that separate monitoring firms have emerged, after that will probably come lobby and there will probably be some more branches that will separate from public relations." While American PR professionals foresee the trend towards in-depth knowledge of a certain field, for example, PR for medicine; Jaano Martin Ots does not see the opportunity for this kind of PR specialisation in Estonia: "Estonia is too small for that kind of specialisation but there are certain people who master some spheres better than others." The trend shows, though, that public relations among medicine companies, for example, will increase in form of in-house public relations. In conclusion, we cannot talk about the same development in Estonia as for example in America, because the size and cultural background are very different. Despite all that, we can talk about the changes in the future that affect both Estonia and America.

CONCLUSION

The general conclusion based on the thorough research of public relations shows that it is still a very confusing term not only in Estonia, but also abroad and that the industry is going to take a very different direction in the next millennium. As the research shows, different public relations practitioners have different opinions of the nature and role of public relations and there is not only one right answer to all these questions. This thesis does not claim to be the right one either. It is just the way the author sees the topic, which is supported by real life examples and those ideas from different public relations professionals who share the same opinion.

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ETHICAL ISSUES IN INTERNATIONAL MARKETING



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This is a brief overview of one section of the Bachelor thesis "Some Ethical Issues Confronting Marketers". It was defended in May 1998.

Introduction

Business has been accused of unethical practices in international dealings since trade began. Marketing activities have been central to international trade, and thus have been the focus of much of the criticism concerning unethical behaviour.

As business has become increasingly internationalised, there is an increasing likelihood of Europeans and Americans encountering business partners from very different cultures, who subscribe to radically different ethical systems. There is no need to go very far to encounter internationalisation in business: about 40 percent of the Estonian population represent foreign cultures. EC countries also have many migrant workers from India, Africa, the Middle East or the Far East, and, as migrant workers are settling, a cosmopolitan new generation of marketing and business people emerges.

With the growth of international manufacturing and marketing comes a host of ethical problems associated with the internationalisation of economic activities. Ethical issues resulting from expanded international marketing include the following.

1. Offering harmful products to underdeveloped countries. These products are of two types: products that are

banned in the producing country and products which are unsuitable for use in developed countries.

2. Promoting products through bribes and payoffs.
3. In the area of pricing, numerous companies have been charged with dumping their products in other countries at a price below its production costs.

Sale of harmful products

Probably the most pervasive ethical problem stemming from international marketing is the sale of unsafe or otherwise banned products in foreign markets. One good example is the strategy of US cigarette producers and their marketing to overseas markets, especially Asian countries, and Eastern Europe markets. American tobacco manufacturers have also been among the first companies to sign distribution agreements in the deregulated Eastern Europe markets. As health concerns in these markets are not as great as in US, hard-sell tactics were often used. For example, in Taiwan, female models pass out promotional cigarette packs outside movie houses and nightclubs.

Pharmaceutical manufacturers have taken similar actions. One such controversy involved Upjohn Corporation that marketed the drug Depo-Provera in Malaysia for use in government coordinated birth-control programs. The US Food and Drug administration refused to give licence to this drug because it had been linked with heart cancer in animals.

On the Estonian market, there have been also some untested and unknown drugs. Western companies with registered products on the market are crying unfair competition. While big international firms like Upjohn, EliLilli, Sandor, Glaco and others are on the market with clinically tested products, so are a seemingly unknown number of companies selling unregistered, possibly harmful drugs.

Trade in these drugs is a highly lucra-

tive business. The Baltic market for imported drugs has been estimated to be between 125-130 million Kroons per year and unregistered products make up anywhere from 20-40% of this, depending on the country. Many companies are trying to sell drugs here because they can not sell them in their own countries, either because of active ingredients or inappropriate ones. Representatives of Western pharmaceutical companies are trying to convince people that clinically proven drugs are actually more economical in the long run. The reason why people buy unknown drugs is that they are much cheaper.

Bribery

Without question, bribery has been an effective and extensive form of promotion in international marketing. For US companies bribery of foreign government officials or political parties has been illegal since the passage of the 1977 Foreign Corrupt Practices Act. This law makes it a crime to make payment to anyone if the firm has reason to believe that some of the money will go to government official. Western European countries are generally permissive of payoffs abroad. A confidential German government memo suggested that a firm be prepared to pay up to 20 percent of the contract price. The case for bribery involves the contention that it is:

1. an accepted practice in many countries;
2. a form of compensation via commission to intermediaries involved in the purchasing process;
3. necessary in order to secure business in that particular market and therefore to compete effectively in the market for the long term.

Bribery is widespread and insidious. Managers in international companies routinely confront bribery even though most countries have laws against it. The fact is that officials in many developing countries wink at the practice, and the salaries of local bureaucrats are so low that many consider bribery as a form of remuneration.

Foreign producers **dump** their goods when they sell them on foreign markets at prices that are lower than production cost. The aim of such predatory pricing is at least to capture greater market shares in competitive markets or at best to drive competitors out of the markets altogether. Government subsidies may be used in the same way in the interest of domestic producers. The main differences between the two kinds of predatory pricing practices are in the case of subsidies, that governments are acting as the agents of business and tax payers are covering the costs not covered by market prices, while in the case of ordinary dumping, businesses are covering their own costs from other business sources, perhaps including higher consumer costs in their home market.

Different ethical standards

The fact that there are different value systems with different management cultures means that there is no easy solution for ethical dilemmas in international marketing. Two different approaches of dealing with different cultures are cultural relativism and ethical imperialism.

Cultural relativism is defined as acceptance by the corporation of the customary morality of the host country. According to cultural relativism no cultures ethics are better than any one others; therefore there are no international rights or wrongs. The cultural relativism greed-“do in Rome as the Romans do“-presents it in the best way. The inadequacy of cultural relativism becomes apparent when the practices in question are more damaging than petty bribes or insider trading.

In the late 1980s, some European tanneries and pharmaceutical companies were looking for cheap waste-dumping sites. They approached virtually every country on the Africa West Coast from Morocco to Congo. As a result, Nigeria agreed to take highly toxic polychlorinated biphenyl. Unprotected local workers, wearing shorts and thongs, unloaded barrels of PCBs and placed them near residential areas. Neither the residents nor workers knew that the barrels contained toxic waste.

Many countries are not able to police transitional corporations adequately even if they want to. And in many countries, the combination of ineffective enforcement and inadequate regulation leads to behaviour by unscrupulous companies, which is clearly wrong.

Another example: at the beginning of the 1990's, the Estonian government agreed to take hundreds of ton of tires from a German company and to destroy them by burning in Estonia. While they were burned not far from a residential area, they caused significant air pollution.

By definition of cultural relativism, there

Managers define minimum ethical standards for companies. The right to good health and the right to economic advancement and an improved standard of living are two core “human“ values.

is no problem with such action. But every country has a right to establish its own health and safety regulations, in the cases described above it is not possible. Even if the contract met Estonian standards, ethical businesspeople must object.

At the other spectrum from cultural relativism is ethical imperialism, which directs people to do exactly as they do at home. The theory behind ethical imperialism is absolutism, which is based on three problematic principles. Absolutism believes that there is a single list of truth, that they can be expressed only with one set of concepts, and that they call for exactly the same behaviour around the world. When cultures have different

standards of ethical behaviour and different ways of handling unethical behaviour a company that takes absolutisms approach may find itself making a huge mistake.

Suggestions

Some questions arising in international marketing are easy for managers to solve, but there are also difficult ones, in which managers have take action. Core values are beliefs that are part of the organisational structure, which are so fundamental, that they will not be compromised. They define minimum ethical standards for companies. The right to good health and the right to economic advancement and an improved standard of living are two core “human“ values. Although no single list would satisfy every scholar it is possible to articulate three core values that incorporate the work of scores of theologians and philosophers around the world.

Despite important differences between Western and Non-Western religious and cultural traditions, both express shared attitudes about what it means to be human.

1. Individuals must not treat others simply as tools; they must recognise a person's value as a human.
2. Individuals and communities must treat people in ways that respect people's basic rights.
3. Members of the community must work together to support and improve the institutions on which the community depends.

Those are suggested to be the starting points for all companies as they are formulate and evaluate standards for ethical conduct at home and abroad. **A Company can respect a human's value** by creating and sustaining corporate culture that treats employees, customers and environment as people whose intrinsic values must be acknowledged, and by producing safe products and services in a safe workplace. **A Company can respect basic rights** by acting in ways that support and protect individual basic rights by supporting and protecting individual rights of employees, customers, and surrounding communities, and by avoiding relationships that vio-



late a human beings rights to health, education, safety, and adequate standard of living. **And companies can be good members of a community** by supporting social institutions, such as the economic and education systems and by working with host governments and other organisations to protect the environment.

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DISCUSSION ON MANAGEMENT EDUCATION AND BUSINESS ETHICS

1. **What has the School given you?**
2. **What type of a manager does Estonia need?**
3. **What does business ethics mean to you?**



Krista Tuulik
General Manager, St. Barbara Hotel
Graduated from EBS with MBA degree in 1993

1.
I graduated form EBS in 1993, and at that point in time the concept of business education was new and all the knowledge could be used in everyday life. Especially, as I had previously graduated from Tallinn Technical University with a major in Food Technology Chemistry and all modern economical subjects taught was extremely useful for me.

2.
Since I believe, that in teaching, we have achieved the same level (I mean specifically here at EBS) as in the rest of the world, then we should also follow their

directions. Of coursed there are many subjects which are not taught here yet, such as Service Management, and other such subjects which are tied to the service industry. Estonia's future is in the service sector. (I believe so)

3.
Behaving ethically with one's partners and oneself in everyday work. Business objectives should always be the profitability for both sides for each deal, agreement, not pulling the wool over the others eyes.



Olle Tischler
Chairman of the Board, Kauno Draudimo Kompanija, Lithuania
One of the first BBA Graduates in 1995

1.
School always gives a lot, but never enough. In school you learn two types of knowledge- theoretical and practical. Theoretical preparation changes into skills and knowledge, and so every forward moving person must continually better oneself and learn new things. School prepares one for a 30-year competition, where the tempo continually increases and develops. I believe that our school has given me a head start on several of life's "check points".

2.
A believe that until now our schools "product" has been meeting the demands of the business community in Estonia and keeping up with its development. **The school needs to prepare managers more in depth in the future, as demands on managers are quickly getting stricter. Since management and business success depends a lot on the qualities one is born with, then potential top managers with leadership skills should have a special program.** I think there should be more of an emphasis on psychology and the mental preparation

- 1. What has the School given you?**
- 2. What type of a manager does Estonia need?**
- 3. What does business ethics mean to you?**

of managers. The human factor ratio increases geometrically in the management of large systems.

3. Business ethics means for me, firstly honesty and the keeping of certain borders. I choose a partner firstly for honesty and then for the possibilities of balanced co-operation. Partnership ties come out of the "air", therefore it is difficult to talk about anything regarding conscious choice, but surely people with similar ethics are drawn together. Partnerships develop on the same principles as friendship; the only difference is that they may disappear quickly.



Arved Liivrand
Member of the Board, ESS
Graduated with MBA Degree form EBS in 1995

1. EBS was the first academic institution, where I obtained my basic knowledge of free market economy. Estonian Universities are and continue to be too academic. There are many members of teaching staff, with good practical skills at EBS, who have been successful in the financial field and from whom we have a lot to learn from. Now, armed with knowledge, each person is able to build upon that knowledge in life. Different people will do this differently.

2. One of the most important qualities, which today's manager must have is the success orientation. The biggest difference between western and Estonian managers is that our managers are not used to situations, where they are di-

rectly responsible for the development of their subordinates. Managers should also pay more attention to their own continuing education. The Professional Open University should become the Managers "favourite school".

3. Business ethics and the business partner are really a process between people. I support the WIN-WIN philosophy. This means, that my win is also my partners win. Unfortunately, there is a lot of WIN-LOOSE philosophy, meaning my win depends on your loss. Pleasant and financially sound to co-operation is not easy with this type of a partner.



Kaire Pöder
Economist, Training and Financial Analysis,
Bank of Estonia
Graduated from EBS in 1995, majored in Money and Banking, BBA

1. Yes, I am an alumnus. **The school has mainly given me fantastic friends and of course, a desire to learn.** Unfortunately these two things have not really helped to achieve any realistic goals. I have not really set any realistic goals for my life. But, to know myself well, **I have needed languages** (English and German) **and also good teachers** (like Hardo Pajula), **who, even after graduation, still provides positive energy to fight on the seas of life.** The main thing is that school has not wrecked anything, at least it seems that way right now. Even though some things could have been

different, because the objective of an educational institution cannot be the teaching of "menu smarts", even though it was so temporarily.

2. Obviously, I am the wrong person to answer this question. Firstly it seems to me, that Estonia needs less managers and more specialists and also simple workers. Maybe speciality schools should become trade schools (even management is a trade), therefore more a college. It is hard to write this down though, but look the truth in the face, if there are 800,000 work age people in Estonia, then how many of those should be managers? Maybe a thousand, maybe more, or less?

3. I am in more difficulty with this question that, the last, since business ethics are not a separate idea for me. Business is as ethical as society is. Ethics are a subjective category, therefore something that cannot be fought for or against by the University, it is obviously too late for that. The objective of University is not the teaching of subjective values but the explanation and dissection of the above. In the choice of a business partner you probably wish for some "menu knowledge", that eye colour is the most important and then.

PRESENTATION FOR HONORARY DOCTORATE AT ESTONIAN BUSINESS SCHOOL

September 1, 1998



Uno Mereste

Ph.D in 1972, Tallinn Technical University, Professor Emeritus
Member of the Parliament

Being here with all of you again at EBS's 10th Opening Ceremonies, seeing so many students and teachers, no one can doubt that economic higher education has not only justified itself, but also gotten on good ground. There are more than enough young people who wish to learn the economic subjects needed to develop our economy. There are also enough teachers, who are ready to pass on this necessary knowledge.

Those, who have lived through the past occupation years, will well remember the educational double talk practiced in those days. On the one side, the great importance of the economy was strongly stressed. From the materialistic point of view, the economy is the whole basis of social life. On the other side they kept closing down economic schools, so that soon the network of economic schools was decimated. When before, there was at

least one trade, or commercial school in each larger town, then later only one technical school was left in Tallinn. Even Tallinn Polytechnical Institut's large and well-regarded economical department was closed. For many years intense discussion occurred, whether Estonia's only economic department, which accepted 25-30 students each year should be based in Tallinn or in Tartu. Today, such discussions do not occur. No one cares to discuss whether economic specialists are needed to develop the economy, or whether workers and engineers will do.

When independence and an independent Estonian economy was being restored, doubts were heard, whether private universities were prudent or necessary, as universities had up to that point been a state monopoly. Now we no longer have

to worry about this as this too has found a positive solution through practice.

EBS president, senate and teaching staff will go down in history, because they are the first to break through these barriers of prejudice. We stand before the fact today; that you have created a university that truly competes with the economic departments at Tartu University and at Tallinn Technical University. Of course, they are ahead of you in some areas, but in others they must worry as to how to keep up.

Another sign of maturity is today's awarding of honorary degrees. With this EBS rises into the ranks of known and recognised institutions which have not only students and professors, masters and doctors, but also honorary doctors.

Accepting this honour with thanks, which the EBS senate has decided to bestow on me, choosing me for their first honorary doctor, I hope that this day will be a special point in EBS's economic-scientific educational history. May this be followed by a long row of years, during which hand in hand with Estonia's economic strong development that EBS's reputation will grow as provider of a good education and organiser of research into economic fields.





Raimo Nurmi

PhD, May 1970, University of Turku, Finland
 Professor of Management in Post-Graduate
 Programmes, Turku School of Economics and
 Business Administration. Visiting Professor at
 EBS,
 International Management

My interest in Estonian management began back in 1972. I was then working for Oy Mec-Rastor Ab, the Finnish unit of the American-based H.B. Maynard Management Consulting Company. In our search for new markets we tried to get assignments in Estonia. I had the impression that our Estonian counterparts shared our interest, but we did not know how to proceed.

One day an Estonian delegation visited our company. I among my colleagues did my very best to present our good services for management development in Estonia. Our efforts did not turn out to be a commercial success. But something more important happened during this meeting. I thought so then and hindsight confirms my initial impression. I learned to know Raoul Üksväärv, who at that time was the professor of management and planning in what was then the Tallinna Tehniline Ülikool. Very quickly it became obvious that we had common interests.

Later in 1982, when I worked for Oy Mec-Rastor Ab, I had a chance to visit Tallinna Tehniline Ülikool. I was astonished to see the very high level of management expertise of the institute. It was visible in its teaching, candidate theses

and in sharing experiences and views with the staff.

After I moved to Turku School of Economics and Business Administration, the contacts with Estonian friends grew in width and depth. Raoul Üksväärv and I continued visiting each others' institutes. A group of representatives from our School visited leading Estonian management development institutes. Jaak Leimann stayed a week with us in Turku during his one-year tour in Finnish management development institutes. I realized, when talking with him, that he had become better versed in what was happening in Finnish management development than I was. Peeter Kross spent half a year in Turku and created many contacts that have subsequently been conducive to joint endeavors and projects. Madis Habakuk spent some time in Finland as well, but our ways did not cross then.

"Eesti kuuma suvi" 1988 and the independence in 1991 changed all. My main contact in Estonia moved from Tallinna Tehniline Ülikool to Eesti Majandusjuhtide Instituut. This is a trifle matter in the Estonian transition, but to me it was of an enormous importance that my contacts with Estonia, my Estonian friends and Estonian management development were maintained during the period when everything was undergoing a turbulent and unpredictable transformation. There were still Raoul Üksväärv, Jaak Leimann, Jüri Truusa, Tiit Elenurm and others in Eesti Majandusjuhtide Instituut and there was Peeter Kross in the Mainor Group. Raoul Üksväärv and I began a series of studies comparing Estonian and Finnish management and economy.

Eesti Kõrgem Kommertsikool was inaugurated in 1988 by Madis Habakuk, and I was happy that he was interested in cooperating with us. Now Eesti Kõrgem Kommertsikool has become our most important counterpart in Estonia. Madis Habakuk's lectures have been well received by our students in Turku. Indeed, I look forward to having him in Turku in a month or so. I have enjoyed teaching in your School and learning from what young Estonians think. Tiia Karing has made excellent arrangements that enable

the doctoral students in our two schools to learn from each other. We had a memorable doctoral seminar in 1995 in Lohusalu. Ever since we have welcomed doctoral students of Eesti Kõrgem Kommertsikool in our doctoral seminars in and around Turku. Lembit Türipuu has conducted a comparative study of the values of young people in Estonia and in Finland with a counterpart in our School.

Let me return to Eesti Kõrgem Kommertsikool. But before that I feel tempted to take up a few personal memories from these years.

Sometime in the late 1980's Raoul Üksväärv, Jüri Truusa and I were eating in the Viru Hotell. All of a sudden everyone in the restaurant became very restless. It turned out that the decision to cut the ruble in half had just been made. People bought anything they could get with the money they had with them. A bottle of Cognac was available for me. So, I hereby confess to having been one of the very few foreigners who has ever speculated with the ruble.

I remember especially well my visit to Tallinn in January 1991, as it took place just a week after violence broke out in Lithuania at the onset of the KGB-led Ommon troops. Many foreign visitors cancelled their visits to Tallinn in those days. They failed to see how the fear in Tallinn turned into courage as exemplified by the big stones at the entries of Toompea to prevent any attacks there.

In August 1991 Kalle Ott, Raoul Üksväärv and I had just arrived in the castle of the Union of Czechoslovakian poets somewhere near Prague to attend to a conference (not about poetry, but about the much more prosaic subject of management development between East and West Europe). The highlight of the conference was made by the news that confirmed the Estonian independence. The subsequent toast became "Estonia Libre".

I remember most vividly the tour that Matti Tarkiainen, Raoul Üksväärv and I made in 1993 to companies in Tallinn, Mustvee, Põltsamaa, Siimeste, Kuremaa and Jõgeva. It gave me a magnificent glimpse of the everyday problems and

drive in Estonian enterprises.

All this and many other occasions have also helped me to learn much about my own country, as it has given me a chance to see it in the mirror of another culture. Estonia and Finland are most appropriate for each other: It is much easier and more meaningful to comprehend their similarities and differences than to compare either country with, e. g., Russia or the USA. This alone makes our two countries important for each other.

Eesti Kõrgem Kommertsikool has become not only our most important counterpart in Estonia, but it has a very special role among all our corresponding universities. I cannot but admire the vigour and achievements of Madis Habakuk and his team during these years. To establish any institute of higher learning takes time, patience, leadership and perseverance. These requirements must be raised to a second power when the development takes place amidst the abrupt, tumultuous and discontinuous changes that have characterized Estonia during the last ten years. This very anniversary witnesses that Madis Habakuk has these qualities to an exceptional extent.

I am not only congratulating Eesti Kõrgem Kommertsikool for its tenth anniversary, but first and foremost for the mark it has left during these years in Estonia and in the world of learning at large. Yet, I believe this is just a prelude for what is to come. I wish many happy returns. It has been most rewarding for me to have been a part in this. I have felt that I have seen something "Klio Silma All". I am very privileged to be here with you on this remarkable day. I am proud that you have invited me to be an honorary doctor of Eesti Kõrgem Kommertsikool.



Peter A. Manning

Associate Professor, Bentley College
Visiting Professor of EBS, Strategic Management

Five years ago I began an exciting journey. In February of 1993, I made my first trip to Estonia. There were two things that I noticed right away as I got settled. First, I noticed a lot of snow! The second, more important issue involved the exciting changes going on in this society. Old ideas were being challenged. New buildings were starting to appear. People were starting to take responsibility for their own decisions, both in politics and in the market place. One of the most exciting areas of growth has been in the field of education. The Estonian Business School is an outstanding example of this change and growth.

People back in the United States asked why I keep coming back to Estonia since I do not like snow and I do not like to fly. There are several reasons why it is important to continue my relationship with the academic community here. First, I hope to be able to provide support to the next generation of business leaders as they implement improvements into Estonian business society. I am pleased that my work is able to help educators, administrators, and most of all, students. Also I have made many personal friendships here so that each time I look forward to getting off the plane to see how my friends' lives are progressing.

Whenever you receive an award, it is important to realize that you have not made that accomplishment on your own. Other people have helped you along the way to become the success that you are. I always tell my students to go out and find role models and mentors in their lives. This helps us to plan our own futures and to develop benchmarks for success.

There are two people that I find to be excellent role models for Estonian students and educators. One is Rector Habakuk, and the second is Professor Skip Hachey from Bentley College in the United States. Both of them have shown the leadership and vision that is necessary to develop and maintain educational partnerships that benefit both schools they represent. During Professor Habakuk's tenure, EBS has increased its enrollment; it has completed the accreditation process; it has improved its physical plant facilities; and it continues to make plans for the future. All of these are major accomplishments.

I look forward to returning to EBS in the future to see your continuing growth and improvement. I am pleased to have provided support in the past, and I look forward to supporting your efforts in the future.

BBA GRADUATES - SPRING 1998

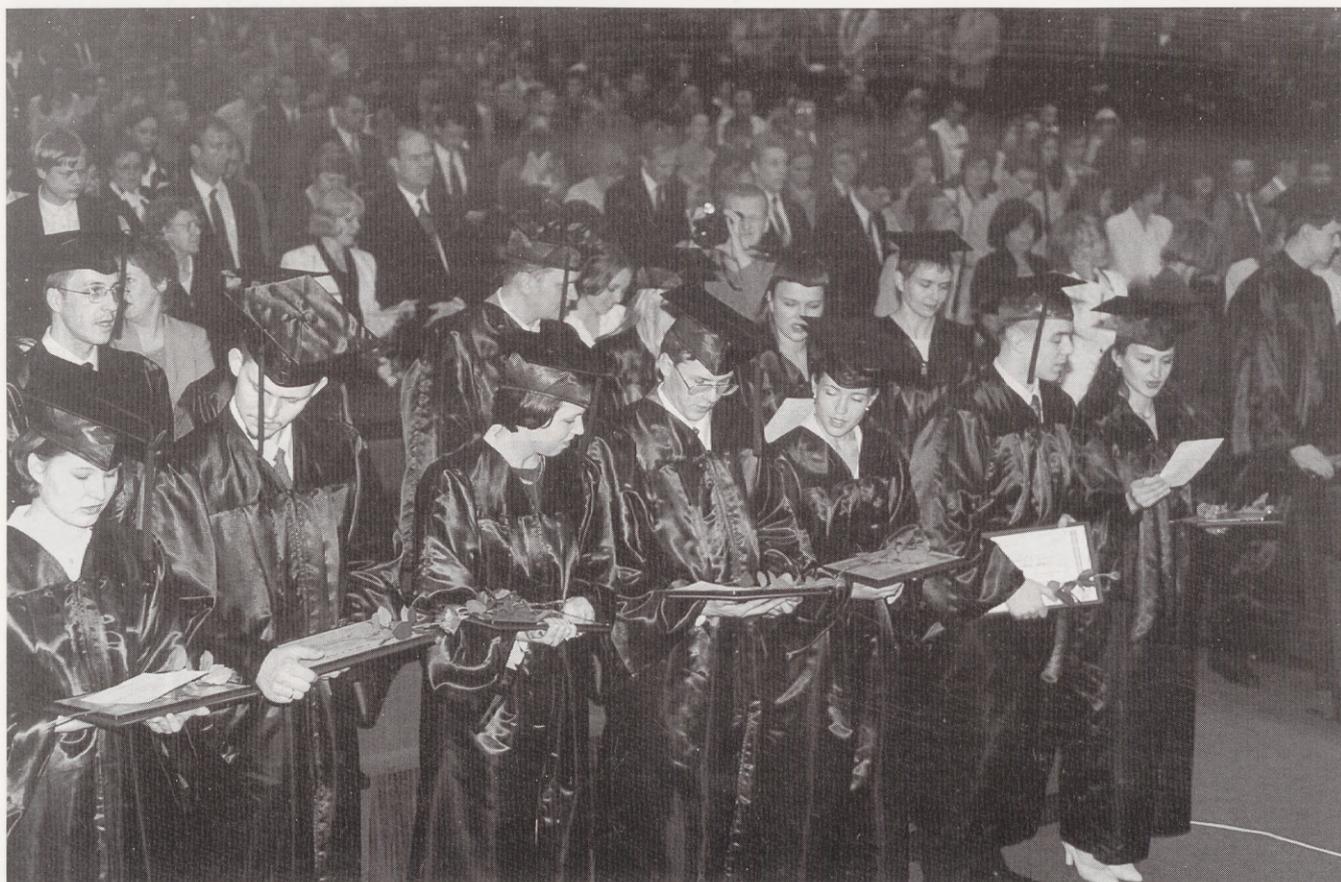


Name	Topic of Thesis
Einpalu, Tiiu	Global Depository Receipts in International Equity Offerings
Erman, Ingrid	Travel Agency Wris Position in Estonian Turism Market
Herne, Oliver	Eesti Muusikamajandus eile, täna, homme
Kalve, Marko	The Analysis of Main Export Markets and the Marketing Plan of Lotus Colors 2000
Kiigske, Kalle	Aspects of Full Service Factoring
Kilu, Erki	Reforming Old- Age Pension Security in Estonia Through 3- Pillar- System and Possible Future Developments
Kilvits, Merle	The Analysis of Estonian Bakery Products Market
Kroon, Marit	The Development of Marketing Communication for Pharmaceuticals in the Estonian Market
Kumari, Liis	Developments in the Field of Protection of Free Competition in Estonia
Kuusk, Kaido	Marketing the Financial Product
Kõrgesaar, Karolina	Stock Exchange Trading Systems
Laurits, Marko	Wage System and Cost Reduction in a Merchandising Company
Lillemäe, Kadi	My Vision of the Marketing Plan in Baltic Tours
Linnamägi, Heiki	Solving Tax Disputes in Estonia
Mets, Liis	Analysis of Marketing Mix in Procter & Gamble
Noorväli, Meelis	Fundamental and Technical Analysis
Paluoja, Kristjan	Hypermarket As a Concept, Development in the Western Countries, Analyses of Maksimarket
Peejel, Maarja	An International View of True and Fair Accounting
Pensa, Kaia	Marketing Trends Within The Past Decade: Toward Relationship Marketing Paradigm Through Financial Services Marketing Aspect Approach to Internet Marketing
Pilv, Paavo	Marketing and Trend Setting Possibilities in Showbusiness
Puusepp, Katrin	A New Milk Brand Launch Uht Milk Case
Puusta, Ivar	Competition and Competition Policy. The Experience of Developed Countries and its Impact to Estonia
Raud, Anna	Relationship Marketing
Reial, Raili	The Fuel Retail Market in 2002
Rosenberg, Krista	Conflict in Organisation
Saar, Signe	Understanding the Cash Flow Statement
Sagar, Katrin	Currency Board Versus Central Bank
Salusaar, Vivi	The Analysis of Nike Brand Development and Brand Marketing Strategy

Sarv, Imbi	Hotel Olümpia's Marketing 1980-2001
Sassi, Silver	Estonia's Export Today and in Longer Perspective. State's Role in it
Sedrik, Jana	Koolituse juhtimine Eesti Pangas
Singi, Martti	Fiscal Policy and Long Run Growth
Sirendi, Eero	Overview of Estonian Banking and its Major Threats
Soomets, Simmo	Globalisation- Myth or Reality?
Säärits, Lauri	The Marketing Strategy of Kohila Paper- Mill Ltd. And the Implementation of it
Söömer, Sirli	Kohalikud Maksud Eesti Maksusüsteemis ja Nende Osa Kohalike Omavalitsusüksuste Eelarvetes
Tompel, Sigre	Evolution of Public Relations: Stage of Development in Estonia
Tõntson, Villi	Merger Tax Planning in Estonian Context
Vakkermann, Eha	Some Ethical Issues Confronting Marketers
Valdgraf, Espe	The Formation of Values Forming the Management Consciousness of Estonian Business
	Students during Estonia's Integration with Europe
Viirand, Marko	Marketing Strategies of Mercedes- Benz in Estonia
Viljus, Marko	Options of Saku Brewery to Maintain the Market Share Leader Position
Villems, Kristy	Estonian Juice Market Analysis and Marketing Plan for Largo Brand
Vään, Tauno	Marketing on the Internet
Zirk, Aive	Hedging Interest Rate Risk With Derivative Instruments

MBA GRADUATE - SPRING 1998

Johannson, Reet	Business Strategy for Advertising Agency "Image" in the Context of Estonian Advertising Market
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RESEARCH IN 1998



Lembit Türnpuu
Professor-Consultant, EBS

The Estonian Business School scientific-methodological conference, which took place on June 9 of this year was dedicated to the 10 year anniversary of the EBS, showed that changes in EBS research work could have been bigger. True, the results were promising as the summaries of last year's research work showed. Research is shaping up to be one of the areas of priority for the EBS. This was reflected in the theme: "Research- EBS priorities". It is noteworthy, that Doctorates are participating more actively in research and number of teachers publishing is steadily growing.

The first steps were taken in involving students in research work. The main problem in research work continues to be the lack of teaching staff and the growing pains of many departments. The breakthrough in the livening of student participation is sluggish in coming. Even though, in general some major changes would have been expected, we do not need to be ashamed of our research work. We are the only private university conducting research. EBS president Prof. Madis Habakuk opened the Conference, gave an overview of what had been done, and named the main priorities in research directions for development.

The Conference theme was multifaceted, from the motivation of EBS new members and ending with retirement. Noteworthy papers presentations were made by Prof. P. Kenkmann and Prof. J. Ennulo (Values orientation in management as a research direction for EBS). The author did a presentation on the specific features of management disciplines in the EBS student subculture.

Virovere (Conflicts in Estonian enterprises) both made very interesting presentations. V. Kallas' topic was the prognosis for development of info-technology in EBS. Doctorates M. Salu and K. Tuulik touched upon the State pension system and the development of the hotel market in Estonia in their presentations. New Bachelor E. Valdgraf introduced her research on the development of values in Universities conducted during her dissertation. E. Laanvee, the vice-president had an interesting presentation on international support for research.

Even though the Conference showed some improvement over previous such Conferences, the wide ranging theme and the absence of many full-time researchers left a somewhat unsatisfactory feeling.



R. Allas (Managing change) and S.

FIELD TRIP TO RUSSIA

Tatjana Polajeva
EBS Lecturer

EBS-s course "Business policy in Russia" took place during the spring semester. The course consisted of two parts. Introductory sessions on Russian history, geography, demography, today's social and economic situation were given in Tallinn. It can be said however, better to see once than to hear a hundred times. The second part of the course took place during the first week of June in Moscow. Some students from Finland, who were interested in Russian economy attended in addition to our students. The International University hosted us in Moscow. The University offered a very interesting multisided program. Well-known Moscow professors lectured. Professor L. Hodov talked about the current social and economical situation and made prognosis for Rus-

sia's future (Socio-economic situation in Russia today and tomorrow). Professor A. Bokovi's lecture was on the subject of foreign economic relations of modern Russia: structure and trends. Professor A. Ovisjannikov offered the students a very interesting theme: who rules Russia? It can be said, that the students were very acute, asking questions. The lectures gave a theoretical overview of Russia's economic situation but the visiting of enterprises showed real everyday life and problems. The University had organised many visits. It was possible to observe new processes in the Russian retail field at the Tisinski depart-

ment store. The students were able to visit a furniture enterprise. Menatepi Bank representatives talked about Russia's financial system. The students were able to sample Moscow's cultural life during the week. I hope that this cooperative project will develop and grow.



EBS study group in Moscow

EBS SUMMER DAYS 1998

Killu Kärner

Study-consultant, EBS

Three events in a row can be considered a tradition. The EBS third Summer Days are happily a tradition, which shows signs of strengthening, each event has had more participants, has been better organised, with better performers and sponsors.

EBS-ers gathered in Valga camping grounds on the 3-5 of July, to celebrate the beginning of study - free summer. All classes were represented. The purpose of the event is to unite people and therefore it is again sad that so few staff and teaching faculty were in attendance. In spite of this best of the school were in attendance: the big energy eggs- the organisers, students and teachers.

So why did everyone gather? On offer was sleeping in your own or someone else's tent, cold (very cold) sea water, ball playing field, tug of war rope, fantasy games, a long bar, and of course the main entertainers- the Smilers! Even though the president of EBS said his opening remarks on Saturday, the action was already taking place on Friday night with the Jahimeeste guitar and in the disco hall. You could see that many lambs could fit at one table. More and more people kept arriving, tents were put up, the campfire flames lit up the sky, the music (disco on one side and folk on the other) took care of the background. Every one took it easy. There were developments in the numbers of groups wearing class shirts; everyone was identified with slogans on grey, blue, green, orange shirts.

On Saturday things were a little bit more "official". The president said a short speech, which was received with applause, the program was announced one more time, and then the show could begin. There was reason to make an effort, as the

sponsors – Synebrikoff, Radiolinja, Smarten, Remedia, Eesti Telefon and Ballatines had brought many wonderful prizes- both liquid and not. A rope was tugged, a ball was hit. Since the seawater was 21 degrees (plus or minus 6 degrees, as Kalev said) the sea part of the triathlon was cancelled and strength was tested with dry-land events such as crab-walk, tandem and rubber ring races. The competition took place dangerously close to the sea, and so a volunteer - forced dunking of the girls occurred. The second half of the day was given over to self-activity on the stage and at the microphone for singers. Opera arias, saxophone solos and the Finnish language were heard. As always, no self-activity can get by without the distance studies mascots Türgi and Rajur, who this time attempting to conquer the samba rhythms together with the other members of the dance studio tried to make everyone laugh. It seems that new stars have been born- Mustonen was called back by the fans many times, so that the Smilers start was delayed by several minutes. Congratulations to the ÖB-32 class, who were the only ones to have practised and who had even brought musical instruments with them.

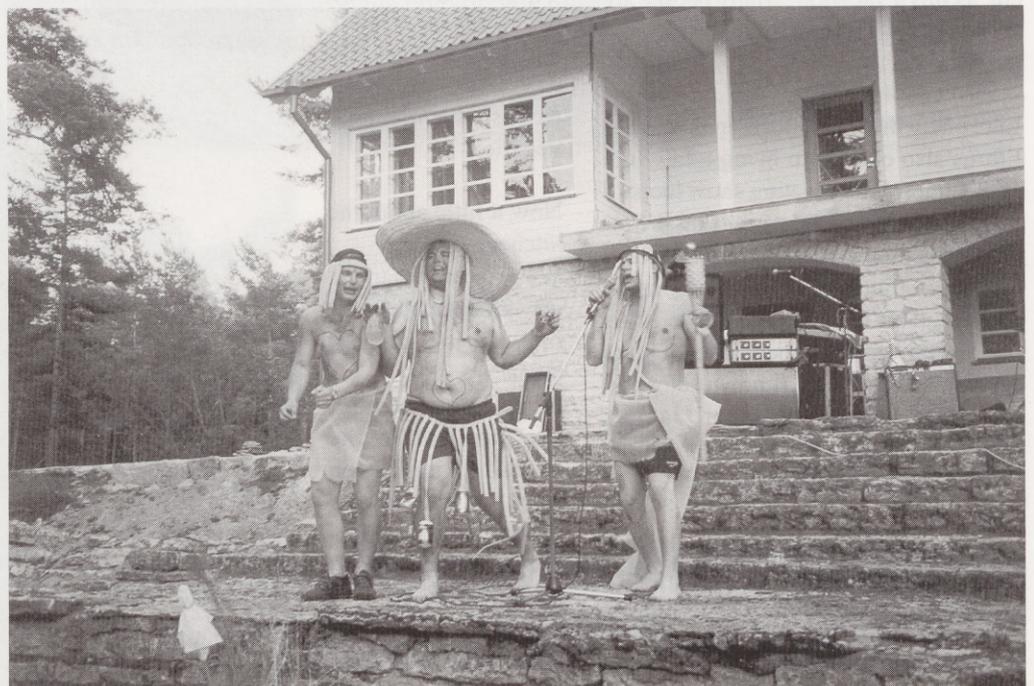
And then it came. Smilers set themselves up, the students were gathered in front

of the stage, waiting. It was a very private moment; we were all as one. The words were memorised, the tunes known, what else was there to do but dance. Which was what happened. Unfortunately, the concert ended an hour and a half after it started- one encore and that was it.

On Sunday there was another official part, namely the awarding of prizes. Last year's winners, the K-Club kept their standards high and came in first again. Their efforts were awarded with the Silver Cup and a bottle of Ballantines Whiskey. BBA3 came in a very good second, whose winnings were awarded with the pleasure of emptying a case of Koff beer. The third place ÖB-32 was able to work on a bottle of Monopol Vodka. All the others got three days of fun, partying and well being. It was beautiful that the sun finally came out.

The tents were packed, the roads were full of cars heading towards the city. A graffitied old Moskvits, one of the awarded prizes was left to await its collection in the camping ground.

Next year again! New place, new time, but the same way. If you come, you'll see.



ON EUROPE'S ROOF



Margus Vets,
fresh mountaineer
EBS 3rd year student, Distance Studies
Sportest Ltd. Head of the Board

If, you, my dear friend, ask me how it went, there in Elbrus, then you put me into a situation, where my skills of expression (in my opinion, quite good) give in- since there has never been anything so big and so full of adventure which I could describe in truthful words, even though I would wish to. I will try.

“Why do people attempt such a thing?” What forces you to travel (read- live) in a hot and stuffy bus for three days and two nights through a Russia full of surprises to some village in Kabardino-Balkaria in the Caucas chain... to climb from 2000 m to 3500-4800m, training and acclimatising several days in a row... living in tents in extreme conditions (+25 to -20 C)...to carry a heavy backpack, etc. Is this a vacation? Many people are amazed. Yes it is, and what a vacation, I might add!

Like many things in life, then this trip to Elbrus also came into being totally out of the blue. After meeting snow leopard Jaan Künnap, I found myself on the invitation list for the conquering of Elbrus expedition. Sometimes fast decisions are the best. This happened this time. This was an anniversary expedition: 40 years ago the first Estonian, (known actor and lesser-known mountaineer, Jaanus Orgulas) reached the peak of Elbrus (5642 m) and so the goal was set.

I can confirm that the mountains had already called to me a long time ago, but I had never heeded the call, excluding a few skiing trips to the mountains. I wouldn't call that mountaineering. This

time though, it was. The need to achieve. I went to Elbrus with a purpose; I was set on reaching the peak. Of course, I was filled with doubts: was I fit enough, did I have the right equipment, etc. I was able to overcome my doubts and I was able to achieve my objective. In addition to that indescribable feeling, when you are standing at Europe's highest peak and looking over the mountain peaks nearly a kilometre below you, I can say that I can understand the efforts and sacrifices made by mountaineers in the name of conquering a mountain. Since I have now felt this and had a positive experience, then I feel that I have caught a good virus, which ties people with the mountains and makes them dependent on them.

From this, it is not right to only understand that mountaineering is only about conquering the peak. No way. Mountaineering and mountain hiking are a compote of unbelievably clean air and the roar of mountain rivers; the snow and the ice; interesting people; sweat; effort and adrenaline; tasty meals prepared on a fire; and many more factors. It is an opportunity to disengage oneself, to gain energy and then dive back into productive everyday life. In other words, the ultimate vocation.

Now a little about the kitchen.

What is important in terms of mountaineering? What does it teach?

In mountaineering, you must follow the so-called unwritten rules. Care for and support your companions. Mountaineering depends on 100% teamwork. No one is left behind; no one is

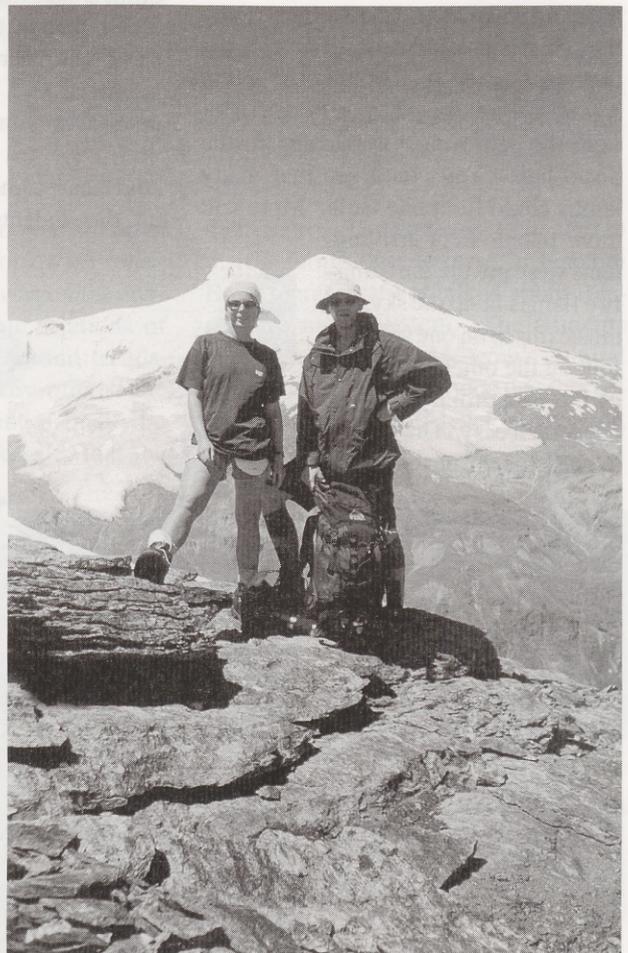
let out of sight. Following these rules, our two member moving team of Liina Margus (also an EBS student) and I, made it to our goal. Long live EBS!

The expedition and the trail must be well planned. Hats off in this regard to our group leader, Jaan Künnap- his plan was perfect, even the weather was organised for the day we reached the peak!

I cannot overestimate myself. Respect for the mountains must remain after leaving. Numerous memorials for perished mountaineers and mountain hikers help to remember.

All mountaineers, who meet in the mountains, are already friends. Always greet them. Therefore mountaineering does not only teach respect for the mountains, but also respect for people.

With respect towards mountains and people.



Liina Margus and Margus Vets on their way to the Europe's roof.

Eesti Kõrgem Kommertskool

ON TEIE JAOKS ALATI OLEMAS -

Avatud Ülikooli

üksed on lahti kõigile,

kes vajavad nii baas- kui ka täiendkoolitust.

EBS Avatud Ülikool loodi 1998. aastal eesmärgiga toetada Eesti ettevõtete arendustegevust ning konkurentsivõimet rahvusvahelises ärikeskkonnas, pakkudes nende juhtidele ja spetsialistidele rakenduslikku koolitust ja konsultatsiooni.

Lähtudes EBS poolt pakutava hariduse spetsiifikast ning rakendades ülikooli lektorite teaduspotsiaali koos tunnustatud praktikute töökogemusega, on Avatud Ülikool koostanud erinevaid koolitusprogramme, mis on koondunud ülikooli spetsialiteedi – majandus - ja ärijuhtimiskoolituse – ümber. Meie koolitustooted ei ole Eesti oludele mugandatud rahvusvahelised masstooted, vaid originaalprogrammid.

Avatud Ülikool omab kogemust ning potentsiaali ka operatiivseks firma konkreetseid soove rahuldavate koolitusprogrammide koostamiseks ning realiseerimiseks vastavalt majanduskeskkonna arengust tingitud uutele vajadustele. Oleme korraldanud sihtkoolitusi paljudele erineva tegevusalaga ettevõtetele ning organisatsioonidele, arvestades just nende vajadusi ning eesmärgi.

“Elukestev õpe on infoühiskonna olulisim märksõna. Selleks, et olla kiirelt muutuvast maailmast edukas, ei piisa enam muutumisest koos ajaga. Olla muutustest ees – selles on võti.”

Küllü Lukk, Avatud Ülikooli direktor



Programmid, kavad, info -EBS Avatud Ülikoolist, Lauteri 3; tel. 6 466 332

Oma kümne tegutsemisaasta jooksul on Eesti Kõrgem Kommertsikool suutnud tõestada oma kindlat positsiooni kõrgel tasemel majandushariduse pakkujana. Praegusel hetkel õpib koolis rohkem kui 1700 tudengit, magistranti, doktoranti, ülikoolil on juba üle 400 vilistlase. EBSi tudengeid ja vilistlasi töötab edukalt kõigis Eesti tuntumates ettevõtetes.

Kuna EBS on tasuline kõrgkool, siis pole tema ukсед avatud kahjuks mitte kõigile võimekatele õppida soovijaile. On kahju, kui ambitsioonika noore jaoks osutub väärt hariduse omandamine rahapuuduse tõttu võimatuks. Majandusliku seisukorra halvenemise tõttu on mõnedki noored sunnitud oma õpingud pooleli jätma.

Tänavu augustis asutati EBSi ja tema vilistlaste poolt

Sihtasutus EBS Vilistlasfond,

mis peaks ühendama ülikooli, vilistlaste ning üliõpilaste huvisid ning mille põhieesmärgiks on toetada võimekaid tudengeid stipendiumiga. Lisaks rahalisele abile vajavad tudengid toetust ka karjääri planeerimisel, töötösingutel ja praktikakoha leidmisel ning nõuannet diplomitöö koostamisel.

Teie toetus annab mõneleki tublile tudengile võimaluse saada targaks ning haritud spetsialistiks.

**Teile omakorda avaneb võimalus leida
meie tudengite andmebaaside kaudu
endale parimat tööjõudu.**

Lisainformatsiooni saamiseks palume võtta ühendust:

Lauteri 3, 10114 Tallinn
telefonid 6466 515 ja 6466 608
faksid 6466 335 ja 6366 337.

Toeta EBS Vilistlasfondi, arve nr. 221011244906 Hansapangas.

OSTA ENDALE AUDITOOORIUM!

Üks EBSi auditooriume hakkab alates 2000. aastast kandma Teie või Teie asutuse nime, kui olete Sihtasutus EBS Vilistlasfondi suurim toetaja 1999. aastal.

Lähemat infot sihtasutuse ja tema eesmärkide kohta leiate ülaltoodud aadressil või telefoninumbril.