

HSE : private funding in progress

La Helsinki School of Economics a mis en place une stratégie de développement, fondée aussi bien sur le développement des partenariats avec les sociétés, que sur l'ouverture à l'international. Elle a ainsi récemment obtenu le prestigieux label AACSB américain.

Aimo Inkiläinen
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— *Can you quantify the proportion of private funding in your university?*

It is minimal, a few percentage only : 5, maximum 10 %. Universities are mainly funded by the public budget. Most of the research money comes from The Finnish Funding Agency for Technology and Innovation (TEKES). The biggest financing member of our research is the European Union, the second one is the Academy of Finland. TEKES is the third one.

— *Are there different types of private funding?*

We are running a partnership program, companies pay a certain annual fee, but the amounts are limited: the companies who donate can deduct the fee from their taxable income up to 20,000 euros a year only. The partnership money is used to elaborate the quality of teaching and research as well as

for updating the equipment in the classrooms (data processing etc.).

Moreover, we've got another source of private funding, a lecture hall program. Instead of giving a numerical code to a lecture room, we call it "Nokia classroom" or "L'Oréal classroom" for example. These contracts – commencing from 3,000 euros per classroom per year – are normally signed for three years and can be renewed.

Then companies may give money to the university foundation, that money is mainly used for research purposes. This foundation may allocate some money to the students working on their master theses. It's not a salary, but a donation for the student. The amounts are small compared to American universities, which get big amounts of money from rich people and corporate donors. When I worked as a professor in Logistics, all masters' theses were financed by companies, 10,000 euros on average.

In Europe as well as in Finland, I would say we will follow the American practice. In a few years time private donors and companies will increasingly start to fund universities. They want to guarantee the quality of recruitment: lots of their employees are retiring, especially people born shortly after the war, which represent 1.5 million Finns. It will be a reality in about 5 to 10 years, when companies will start to suffer from the lack of employees.

— *Are there a lot of corporate foundations in Finland? How much do they contribute to higher education?*

I would say that public money is used for higher education I mean at a doctoral level, while private givings fund mainly masters level. As said earlier the money coming from the partnership program and classroom program is used for degree students, to improve the level of teaching and technology equipment. But financially we are well behind the American system, where the universities are even named after the private company or the donator, like the Kellogg University for example. But I'm confident that soon some companies or

HSE in figures

- 20 doctoral degrees
- 85 articles published in refereed scientific journals
- 347 MSc degrees
- 140 MBAs
- 2 547 Open University students
- 70 partner universities

(Source : HSE, annual report, 2006)

Helsinki School of Economics in a nutshell

● The Helsinki School of Economics (HSE) is the leading business school in Finland: 5,000 students apply annually to study business in the country; 2,000 apply to HSE, only 500 are recruited.

HSE teachers give also about 400 courses a year in institutes abroad, like MBA courses. A brand reform was carried out in 2006, by which all the units at the university incorporated the acronym HSE and the old one, HKKK (Helsingin kauppakorkeakoulu), was abandoned. The new HSE portal was launched in the spring.

group of companies will pay the salary of a professor.

— *Do you start to implement endowment systems, like American universities?*

We have not been able to implement that yet, but it is our plan. It's a good opportunity and a must, because government's contribution to research will decrease for sure. We need to learn how to self-finance our projects.

You may have heard in the news that the three universities of the Helsinki area have decided to merge: the Helsinki School of Economics, the Helsinki University of Technology, and the University of Art and Design Helsinki will be merged to become a big organisation comparable to the MIT. We'll have three schools namely business, technology and arts under the same umbrella benefiting from synergies and joint back-office functions such as one administration department. The new structure will be financed by both government and enterprises. About one third of the funds will come from the private sector. The three rectors have confirmed that the merger would be effective on January, 1st 2009, I hope it will happen that day.

— *Do you consider this privatisation is a positive evolution for the school?*

Our school was private when it was created 96 years ago. It was financed by a group of Finnish companies. Then it became a government financed state university 33 years ago. We are going to recover some independence and closer cooperation with the Finnish companies, and it is a good thing.

— *What are the advantages and the drawbacks of the current system?*

The allocation of public money is based on the number of masters or doctoral degrees. The temptation is to increase the number of graduates. One could conclude that quality is not the first criterion. The government should put incentives on higher quality too.

— *What is your strategy to enhance quality in your university*

We put the emphasis on the quality of teaching. In April this year we recei-

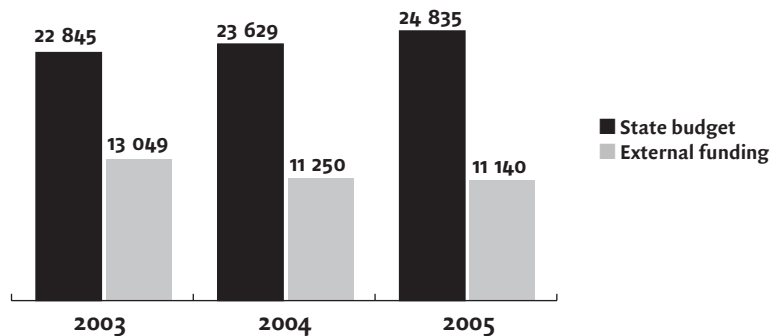
ved the accreditation AACSB (Association of Advanced Collegiate Schools of Business), an American label that classifies us among the 540 best universities in the world. It's like the ISO standard for the industry. We are the first Scandinavian university to obtain this accredi-

tation. It means that it is easier for our doctors to get hired as a professor in the US universities, and that doctoral students see our university as a tempting alternative to enter. ●

Propos recueillis par Annick Masounave

HSE funding

Funding (in EUR 1000)



(Source : HSE, annual report, 2006)

The total funding of HSE consists of the State budget funding and outside funding. Outside financiers include various foundations and funds, ministries, companies, the Finnish Funding Agency for Technology and Innovation

(Tekes), the Academy of Finland and the European Union. The share of salary expenditure of the overall expenditure of the University is approximately 60%. The two second most expensive items were rents

and services acquired (25%). Of the overall expenditure of the HSE, teaching and research accounts for approx. 50% and continuing education for approx. 20%.

HSE Foundation

● The Helsinki School of Economics Foundation is an independent foundation founded in 1974 to support and fund the scientific research and teaching at HSE.

During 2006, the HSE Foundation gave 979 000 euros (1 011 000 euros in 2005) to HSE and those operating within it in the form of grants and other supports with the aim of fostering research and teaching as well as studies. The focus areas of the support were scientific research, theses, travel grants, international

student exchange, teaching development projects, the sabbatical leave system, various awards (researcher of the year, doctoral thesis of the year, teacher of the year) and support for arranging the 2006 Conferment of Degrees.

In addition to property returns, donations from companies, other corporations and private individuals comprise a significant portion of the HSE Foundation grants and other support. In 2006, the Foundation received various thesis and activity

donations to the sum of 209 000 euros. In addition, the capital of the PricewaterhouseCoopers' special fund increased by 25 000 euros due to additional investment by the company. Chancellor Jaakko Honko, who played a pivotal role in establishing the Foundation, passed away on 13 February 2006. The sum of 15 000 euros in donations from private individuals and corporations was received into the fund named in his honor.

(Source : HSE, annual report, 2006)