Estonian Business School

R&D Strategy 2028

Preambular

The R&D Strategy 2028, embraced by EBS, is founded on the institution's overarching ambition to transform into an innovative entrepreneurial university recognized for its exemplary research, developmental initiatives, and pioneering endeavors. This distinction is sought not only on a national level but also at the international stage, marking a pursuit of excellence in knowledge generation and its consequential impacts. In his book, "Creating Entrepreneurial Universities: Organisational Pathways of Transformation" (published by Pergamon Elsevier in Oxford/New York, 1998), Burton R. Clark delineates five key characteristics of an innovative university:

> – a strong steering core: universities that want to change, cannot depend on traditional (weak) control or steering. They need to become quicker, more flexible, more focussed in reacting to demands from their environments;
>
> – a development periphery: universities that want to change need to have mechanisms to relate to the outside world. They have to reach across their traditional boundaries. They need to set up special organizational units to do so;
>
> – a diversified funding base: universities that want to change need the resources to do so. They especially need discretionary funds. So they have to widen their financial base (and become less dependent of government);
>
> – a strong academic heartland: universities that want to change need basic academic units that accept an entrepreneurial culture. These basic units have to be stimulated to react positively to change;
>
> – an integrated entrepreneurial culture: universities that want to change need a culture 'that embraces change'; a work ethic and a set of beliefs that is University-wide and that become the very basis of the institution's identity.

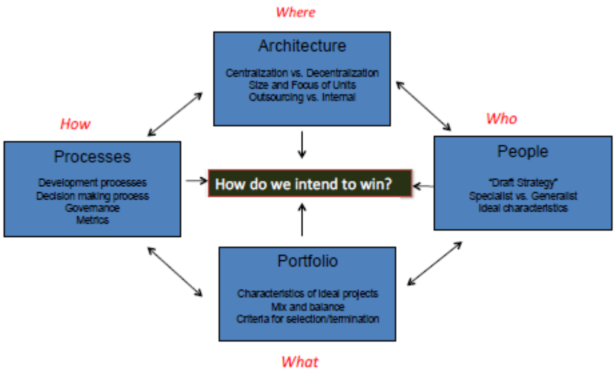
Klein and Pereira (2020) expounded in their work titled "Entrepreneurial University: Concepts and Evolution of Theoretical Models" that the entrepreneurial university has been delineated in various ways within the scholarly landscape of higher education research. However, several interconnected characteristics have been identified. Apart from the conventional pursuits of education and research, the incorporation of a third mission—fostering the application of the first two for economic and social advancement—stands as the defining attribute of higher education institutions dedicated to innovation. Active involvement in entrepreneurial endeavors such as start-ups and social entrepreneurship is considered a core strength. Moreover, the attainment of diverse funding sources necessitates corresponding adaptations in the organizational structure and steering mechanisms of these institutions.

In Harvard Business School's Working Paper 12-095 titled "Creating an R&D Strategy," Gary P. Pisano (2012, p. 3) posits a pivotal query central to any research and development (R&D) strategy, which is, "how do we intend to win?" In light of this inquiry, EBS aspires to realize its mission through the attainment of innovative-entrepreneurial excellence as a business school. The institution's R&D strategy assumes a critical role in this pursuit by harmonizing conventional educational and knowledge production functions with the creation of socially and economically viable outcomes.

Pisano's framework, depicted in Figure 1 of his work (2012), elucidates that an R&D organization's "game plan" hinges on four essential strategy components: (i) architecture, (ii) processes, (iii) people, and (iv) portfolio. Subsequent paragraphs will expound upon each of these components in greater detail.

Strategy

Figure 1: Elements of R&D Strategy



Adopted from Pisano (2012, 4) "Creating an R&D Strategy" *Harvard Business School*, Working Paper 12-095. April 24.

1. **Where: Architecture**

   The R&D architecture at EBS ought to adopt a decentralized approach, primarily due to the institution's relatively modest size encompassing its research units. Moreover, given that numerous R&D issues necessitate an interdisciplinary approach for resolution, a centralized architecture often proves impractical. While centralization could streamline information sharing and manage teaching responsibilities, coordinating R&D endeavors mandates a tailored approach to accommodate project-specific needs, including interdisciplinary collaboration, the interests of local and international partners, and the stipulations set by project funders.

   Consequently, it is imperative that the project manager reports directly to the Head of R&D rather than the individual research or teaching unit. Simultaneously, establishing explicit internal regulations and procedures becomes essential to ensure operational clarity and efficiency within the R&D framework.

2. **How: Processes**

   Leveraging the diverse educational and cultural backgrounds of the EBS staff, along with their R&D interests, affiliations with government bodies, businesses, non-profit organizations, and an array of domestic and international networks, our R&D processes must incorporate both formal and informal channels to achieve our strategic objectives. EBS upholds the principles of academic and research freedom while reserving unconditional support solely for research projects funded by external sources that adhere to the tenets of research ethics and integrity. However, in situations where funding bodies, such as ETAG, necessitate formal approval procedures for project applications, they are diligently followed.

In the event that an R&D project receives partial or full funding from EBS, it is imperative that the project aligns with the organization's strategic interests as outlined in our focus areas and annual plans. Approval for such projects is obtained from the Head of R&D. Specifically, for individual research endeavors conducted by faculty members, approval is considered and, if deemed appropriate, granted during the semi-annual planning and reporting process. In the case of team projects, approval is sought, and if deemed suitable, secured during the annual planning process, where research calls, topics, and teams for both national (e.g., ETAG) and European grants (e.g., Horizon Europe and Erasmus+) are identified.

In situations where external institutions invite our participation in collaborative research teams, decisions are made on an ad-hoc basis, and final determinations are the prerogative of the Head of R&D.

3. Who: People

The objective is to appoint heads for EBS research groups who have earned national and international recognition within their respective scientific domains, as demonstrated by their publication records in esteemed journals and book publishers, membership in editorial boards, engagement in reviewer roles, successful acquisition of research grants, and similar indicators. This strategic pursuit aims to bolster the organization's capacity to attract highly qualified team members, both internal and external collaborators, motivated graduate students, and to foster international collaborative research initiatives. The leaders of these research units should not only be accomplished researchers but also adept administrators capable of independently and autonomously overseeing the operations of their respective research units. In doing so, this collective effort is poised to enhance the organization's research output, educational offerings, and societal impact.

The research staff shall be enticed by a meticulously designed career model, a flexible yet transparent and easily comprehensible workload calculation model integrated into workload planning and evaluation, clear criteria for career advancement, and competitive remuneration packages. The objective is to finance a third of the R&D positions through EBS's own resources, another third through academic research grants, and the remaining third through contracted research engagements. At least one professorship shall be sustained through the Endowed Professorships fund, an initiative fashioned after the successful models employed by exemplary German universities,[1] designed to harness additional funding from alumni and other benefactors and partners. Additionally, a minimum of one professorial position shall be established through a joint appointment with a partner university.[2]

[1] See, for instance, Humboldt University and EBS Universität für Wirtschaft und Recht.

[2] Since the joint (international) appointment of faculty members is not very common, it is easier to learn from the university systems that have such procedures in place. See for instance the University of Texas rules: https://www.utrgv.edu/academicaffairs/faculty-resources/faculty-appointments/faculty-joint-appointments-11.10.21.pdf

4. What: Portfolio

The primary objective is to conduct research that garners recognition for its quality and interest among both scholars and practitioners, as depicted in Figure 2. To serve as a proxy for competitive research grants and contracts, eligibility for state support, in the form of base funding, [3] is employed as a criterion. The quality of research output, as measured by journal publications, is assessed using the Academic Journal Guide 2021 (formerly known as the ABS journal ranking list), with a focus on categories 3 and 4. In the realm of book publications, the publishing houses listed in the Estonian Science Information System (ETIS) category 3.1 are the benchmark. Furthermore, the inclination of government and market partners to invest in applied research and the commercialization of R&D endeavors is gauged by tracking patents and investments in EBS spin-off companies.

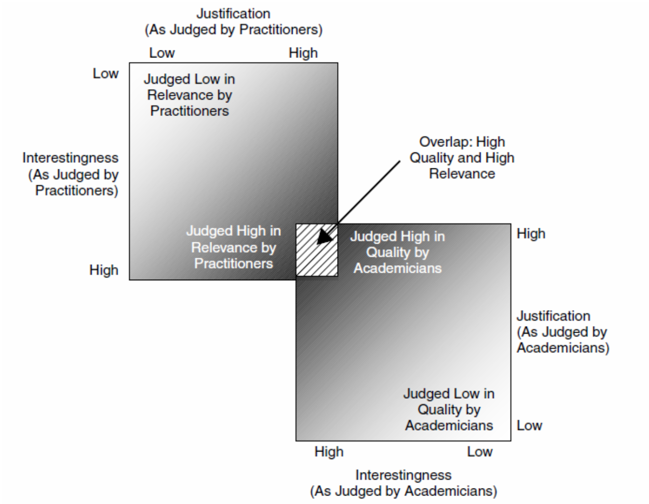
A more specific objective for the R&D Strategy 2028 is to foster the development of a diversified yet balanced R&D portfolio, characterized by notable financial and non-financial outputs. To this end, a target is established to allocate one-third of the R&D projects within the portfolio with funding from EBS. This allocation is intended to enhance the knowledge base of teaching and training, bolster the R&D capacity, and augment the reputation of both EBS and its research staff. Over time, this strategy is anticipated to enhance the prospects of EBS researchers in securing competitive external funding in the designated focus areas.

One-third of the projects are to be entirely funded by external sources that allocate funds for academic research. The extent of funding coverage, whether restricted to direct costs or inclusive of overhead expenses, is contingent upon the policies of the funding institution. These projects may be initiated by academic staff members in alignment with their research interests and the principles of academic freedom.

Another third of the projects are envisioned as applied research and, consequently, will be financed by various entities, including government bodies (for instance, policy evaluation research), for-profit companies (comprising well-established companies or start-ups that have secured funding or are willing to offer equity in exchange for R&D contributions), or domestic and international foundations of diverse natures. The inception of start-ups may involve a collaboration between EBS management, faculty, former students, external institutions, and individuals from both domestic and foreign backgrounds. Investment decisions related to venture capital will rest within the purview of the Chancellor and the Head of R&D, guided by ethical and sustainable investment principles.

[3] See § 31 of the '„Haridus- ja teadusministri 21. märtsi 2005. a määruse nr 11 „Teadus- ja arendusasutuste baasfinantseerimise määramise tingimused ja kord" muutmine' - https://www.riigiteataja.ee/akt/130082017003

Figure 2: Overlap of research that is both of high quality and high relevance



Adopted from: Baldridge et al. (2004). "Are managers from Mars and academics from Venus? Toward an understanding of the relationship between academic quality and practical relevance," *Strategic Management Journal*, 25, 1066.

Implementation

The execution of the strategy involves the development of an annual plan by the Research and Development Council, outlining explicit aims (targets), activities, budget allocations, and performance indicators for each of the four interconnected elements of the R&D Strategy 2028 as previously described. It falls within the purview of the Research and Development Council to craft this plan and seek approval from EBS management. Subsequently, the R&D unit, overseen by the Head of R&D, assumes the daily responsibility for plan execution. At the commencement of each year, the Head of the Unit is tasked with preparing the annual report, which is then presented to the Research and Development Council and EBS management. This report serves as both an informative document and a guide for formulating the subsequent year's implementation plan.

To enhance the capacity of R&D activities at EBS, a spectrum of initiatives will be launched. This includes the establishment of various partnerships, such as Erasmus+ key strategic partnerships (K2), participation in Horizon Europe and Digital Europe projects, and the fostering of bilateral collaborations with both local and international partners. These endeavors will be integrated into the annual implementation plans to fortify and propel the institution's research and development efforts.