

REPORT ON
KHAZAR UNIVERSITY
BAKU, AZERBAIJAN
April 25–30, 2006

SALZBURG SEMINAR

VISITING ADVISORS PROGRAM



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Summary Report of the Visit to Khazar University, Baku, Azerbaijan April 25-30, 2006

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1.0 INTRODUCTION AND SUMMARY

Khazar University (hereafter referred to as “KU” or “the University,” for more information see <http://www.khazar.org>) invited a Visiting Advisors Program (VAP) Team from the Salzburg Seminar to review an array of organizational issues selected by the university leadership. Key interests for the VAP site visit to KU in April 2006 included academic structure and governance; university administration and finance; and institutional strategies for sustainability, focused especially on a possible long-term affiliation between KU and the Caucasus Research Resource Center (CRRC), an autonomous internationally-funded social science and business research institution located in Baku and run by the Eurasia Foundation (<http://www.crrc.az>).

The leadership of KU prepared documentation for the VAP team in advance, although documents regarding internal budget and personnel processes were minimal, perhaps reflecting the seemingly informal or ad-hoc nature of many of those processes, as analyzed below. All of the issues under review were then examined in detail during the site visit in a series of working meetings and seminars, including a session with a large group of about 50 students, and observations and discussions concerning faculty-student relationships. The KU leadership, faculty, staff, and students were exceptionally gracious in their engagement with the team during its visit to Baku, and we wish to extend our heartfelt thanks especially to Chancellor Isaxanli and Vice-Chancellor Nuriyev for their hospitality. We also wish to clarify that this report does not constitute a formal evaluation, but only a series of general impressions and recommendations offered in the spirit of the VAP.

Khazar University, founded in 1990–1991, and fully accredited in 1997, had, by 2002, emerged as one of the leading private universities in Azerbaijan and has succeeded in establishing a well-deserved reputation for integrity,

academic rigor, and sustained attention to international standards in both teaching and research. Since its origins and under the leadership of founder and Chancellor Hamlet Isaxanli, KU has aspired to create a comprehensive arts and sciences university. KU also aspires to become a model for “best practices” in undergraduate and especially graduate education, in research practices and knowledge management, and in international cooperation. The current structure of KU includes six major academic units: a School of Architecture, Engineering and Applied Science; a School of Economics and Management; a School of Humanities and Social Sciences; a School of Law; a School of Medicine, Dentistry and Public Health; and a School of Education. KU also encompasses a number of specialized research institutes, as detailed below, and a general education school sponsored by the School of Education, “Dunya” (World) that is also intended as a model or experimental site. Instruction at KU is conducted primarily in English, with additional instruction and publications in Azeri and Russian. In fact, a key aspect of KU’s mission has been to recover and sustain a humanistic and progressive conception of the Azeri national heritage while simultaneously working to embrace recent international innovations and methodologies from across the academic disciplines.

Nonetheless, for all of its accomplishments since 1991, KU clearly now faces some serious challenges as it works to consolidate its successes; to fill in the clear gaps that exist in its physical infrastructure, curriculum, and professional staffing; to establish functional autonomy vis-à-vis state structures and the Ministry of Education, especially regarding admissions policies; and most importantly to secure the University’s long-term financial sustainability and to continue to improve its administrative capacity, faculty development policies, and student services. Continued progress in all of these areas, and a coherent and consistent strategy to improve governance, management, and finance are urgently needed if KU is to fulfill its stated mission of excellence and innovation across the arts and sciences as well as to achieve long-term sustainability.

The VAP Team conducted its site visit through three working groups, as follows:

Working Group A: Academic Structure and Governance

Chair: Mahammad Nuriyev, Professor and Vice Chancellor

Co-Chair: Tapio Markkanen

Dr. Rafiq Ahmadov, Dean, School of Architecture, Engineering and Applied Sciences

Dr. Jabir Khalilov, Dean, School of Law

Dr. Nigar Bagirova, Dean, School of Medicine, Dentistry and Public Health

PhD student Hafiz Aliyev, Coordinator for International Relations

Dr. Isakahn Isaxanli, Director, Admission Office, Assistant to the President

Dr. Eldar Shakhgaldiyev, Chair, English Language Department

Rauf Sshahbazov, Program Coordinator, School of Medicine, Dentistry and Public Health

Tatyana Zaytseva, Director of Library Information Center
Sabina Kerimova, Coordinator, School of Education
Marufa Madatova, Deputy Director “Dunya” School
Lala Huseynly, Assistant to Dean, School of Law

Working Group B: University Administration and Finance

Chair: Dr. Fuat Rasulov, Director, Center for Economic and Business Research and Education (CEBRE)
Co-Chair: Josef Hochgerner

Karim Karimov, Chief Accountant
Mahammad Nuriyev, Professor and Vice Chancellor
Nagi Bayramli, Head, Registration and Record Office

Working Group C: Sustaining the Caucasus Research Resource Center (CRRC) Program in Azerbaijan

Chair: Hamlet Isaxanli, Founder and Chancellor
Co-Chair: Mark S. Johnson

Michael Choe, Acting Director and CRRC Development and Outreach Coordinator
Sabina Rustamova, Program Manager, CRRC
Muhammad Nuriyev, Professor and Vice Chancellor

2.0 OBSERVATIONS AND PRELIMINARY CONCLUSIONS

To summarize our observations as a VAP Team and the conclusions of this report, KU has achieved remarkable successes over the last fifteen years, and is poised to emerge as a model for higher education, both public and private, throughout Azerbaijan and the southern Caucasus. In fact, given the widespread reputation for corruption and nepotism in many state universities across the region, along with ongoing turmoil in the private higher education sector and recent state policy changes as detailed below, KU stands in a unique position to emerge as the most vital and viable university in Azerbaijan that truly upholds international standards. If able to consolidate itself, KU is positioned to combine what is best from the legacy of Soviet higher education, perhaps especially in mathematics and the sciences; together with what is best from the Azeri national heritage, perhaps especially in the arts, humanities, and Azerbaijani or regional studies; and to blend that together in a sustained and rigorous way with what is best from Western higher education, perhaps especially in the social sciences, economics and management, education, medicine, and legal studies. Of course, the foundation upon which all of that innovation must rely is an “everyday” or “invisible” excellence in university governance, management, and finance.

Because if KU is to fulfill its ambitious and potentially historically significant mission, then it is the consensus opinion of the VAP Team that serious measures must be taken with real urgency to improve internal

governance and make it more transparent; to implement a sustained program to train and continually retrain university administrators; to improve and clarify budget procedures and prioritize a more sustained and professional development or fundraising campaign; to construct innovative mechanisms to continually assess and improve the quality of faculty teaching and student learning; and to continue to build partnerships with business interests, policymakers, and with both local and international communities. Such partnerships are vital not only to enrich KU's teaching and research, but also and especially to foster improved internship, service learning, and career opportunities for current students and alumni. Of course, such partnerships will also allow KU to call upon corporate partners and successful alumni to financially and professionally support the University and its students.

3.0 THE POLICY ENVIRONMENT OF AZERI HIGHER EDUCATION

Khazar (or "Caspian") University was founded in 1990-1991 (initially as the English Language Azerbaijan University), and has emerged as one of the leading private universities in Azerbaijan, with a reputation for being free of corruption and maintaining consistently high academic standards, and currently enrolls about 1,600 students. As throughout the former Soviet Union, higher education in Azerbaijan since independence in 1991 has been characterized by contradictory trends. On the one hand, the sector has witnessed a rapid expansion in the number of institutions legally organized as universities (including many former technical and other specialized institutes that were, in some cases nominally, upgraded or renamed as universities), as well as the emergence of private institutions, especially around the fields of economics, business, and law. On the other hand, as is also true throughout the former Soviet Union, the post-Soviet educational systems have been marked by endemic corruption, and the rapid expansion in the number of universities and students enrolled in higher education has clearly been achieved to some degree at the expense of academic rigor and quality, as well as of systemic "coherence" and mobility within higher education. While much progress has clearly been made in curricular change, instructional innovation, and the introduction of new information technologies, acute problems remain in faculty and staff development, in student admission procedures, in university management, in integrity and transparency within the sector, and especially around the neglected issues of student assessment, institutional research, and strategic planning. While ambitious World Bank and other international assistance programs have been launched that include higher education, it remains unclear whether the endemic corruption in the sector can be mitigated, whether the chronic inertia and lack of research capacity within the Ministry of Education can be overcome, and whether the professional will exists to embrace systemic change, especially in the state universities. Finally, while Azerbaijan joined the Bologna Process of European higher education integration in 2005, and at least rhetorically committed to the adoption of a two-cycle, credit-based system and alignment with European standards (including Bologna goals like quality assurance, mobility and recognition, student participation in decision-making, and recognition of credits), it remains unclear whether either the Ministry or the leaders of the

state universities are fully willing to embrace the transparency and comprehensive reform that such integration would require.

All of this is directly relevant to the status and mission of KU because it is the emerging higher education “market” within which KU operates and in which it must establish its comparative advantage, as well as the policy environment in which KU aspires to lead as a model for “best practices” in higher education. It is also worth noting that two other private universities in Baku, Azerbaijan International University and the Independent Azerbaijan University, have recently been threatened with closure by state authorities amid allegations of corruption and the “illegal” admission of students without the approval of the State Commission on Student Admissions (SCSA). Another private rival to KU, Western University, has also struggled to provide quality education against allegations of corruption and low academic standards. In fact, KU’s only real competitor in the private sector with a comparable reputation for integrity and academic quality is the Turkish-funded Qafqaz (or “Caucasus”) University, which currently enrolls approximately 2,200 students (<http://www.qafqaz.edu.az>). Yet in comparison, Qafqaz’s mission is clearly distinctive in that it is oriented towards Turkish Islam and Turkish professional networks, and it serves a more regional student population. Unfortunately, Qafqaz is also now, at least potentially, at risk in light of the May 2006 decision by a collegium of the Ministry of Education to close all affiliates of foreign-based higher education institutions, a move presumably targeted especially at Russian-sponsored (and often narrowly commercial) institutions.

Thus, given the chronic problems that persist in the state universities and the ongoing turmoil around private higher education in Azerbaijan, the unique role that KU can play in providing a model of professional integrity, transparency, academic rigor, and international curricular and instructional standards will only become more important. However, it is also clear that the informality that often seems to characterize many governance and management procedures at KU will have to be rigorously analyzed and made more professional, with greater procedural regularity and transparency established throughout, if KU is to fulfill that extraordinary potential, and be in a position to truly make the most of Azerbaijan’s entry into the Bologna Process and the other major policy changes that will inevitably come to Azeri higher education.

4.0 RECOMMENDATIONS AND DEVELOPMENT STRATEGIES

Again, it must be reiterated that this report does not constitute a formal evaluation but merely an advisory report, and that the recommendations that follow should be reviewed critically by the KU leadership as well as by key faculty and student interest groups with an eye to adapting and implementing only those suggestions that seem realistic and necessary within the institutional culture and evolving mission of KU. All members of the VAP Team were exceptionally impressed by what seemed to be a very high level of professional morale and institutional pride at KU, and that spirit and commitment to the institution can be called upon to help negotiate the potentially significant changes that will be required to successfully consolidate

new policies and procedures for university governance, management, and finance.

While some passing comments are included below about academic issues and relations between departments and disciplines, such curricular issues were not the focus of the VAP site visit. There are, of course, legitimate and serious questions that must be asked about the larger mission and overall curriculum of the University. To look at all of this more critically, has KU attempted too much too fast? Has it pushed ahead into the creation of expensive and complex new programs in the technical sciences, medicine, and engineering that require a great amount of physical infrastructure, laboratory equipment, and computer resources, or the professional and paraprofessional staff needed to sustain such programs? While KU's mission of becoming a modern and fully comprehensive arts and sciences university is certainly admirable, how coherent and transparent are its internal processes for making the difficult choices that must inevitably be made between its six schools, or for deciding how the University will prioritize its scarce resources? How can the University best manage its relationship with the state authorities and the SCSA and especially the fact that it does not control its own admissions process? Should excellence in undergraduate education be focused on initially with graduate research and training to follow once the undergraduate core is well established? Or should a few key graduate programs be cultivated intensively in order to provide new faculty for the undergraduate program, to generate income through contracted research, and to cultivate relationships with business interests, international donors, and government patrons within Azerbaijan?

Of course, such decisions are ultimately and appropriately the responsibility of the University and its internal interest groups, and this report thus focuses only on possible new approaches to internal governance, management and finance that might better guide and support KU's institutional development regardless of the specific strategies that emerge from those internal decision-making processes. To summarize, while the informal and often highly personal nature of many of these processes have worked well to date, these procedures must become more professional and transparent if KU is to consolidate its gains, and to engage in the kind of serious fundraising and strategic planning that is now required to face both the challenges and the very real opportunities that lie ahead.

4.1 Accountability and Transparency in Internal Governance

As noted, KU does have reasonably well-established routines for internal governance, which seem firmly centered on the personal leadership and authority of Chancellor Isaxanli, and especially on weekly but seemingly somewhat informal meetings of an "inner circle" of decision makers, a group of about six or eight that includes Vice Chancellor Nuriyev and some or all of the deans of the six academic units. The precise functions of the larger University Council, a group of about thirty five, seem a bit undefined, and those meetings could perhaps be made more regular, with regularly scheduled meetings open to the university community, an agenda that is distributed in advance, and more precisely delineated responsibilities. There

are also two student groups, a student council (or *telebe meclisi*) for undergraduates and a council of graduate students (or *yukse telebe meclisi*), and the president of the former is a member of the University Council. However, the precise role of student groups in decision-making also seems a bit undefined, and some students have complained in their responses to the annual written surveys that there are too few opportunities for them to participate in university governance in a serious and sustained way. In fact, such student participation is now integral to all of the reforms envisioned in the Bologna Process.

One area in which KU has truly innovated is in the creation of a Board of Trustees and Advisory Board, which was done initially only in the School of Engineering and Applied Sciences, with representatives from major Azeri and international corporations such as SOCAR, British Petroleum, AZEUROTEL, Halliburton, and others. In fact, this is the first functioning board of trustees at any university in Azerbaijan, public or private, and there are plans to introduce similar boards into the other schools of KU. However, in a relatively small institution, a more practical possibility might be to have one unitary Board of Trustees for the entire University, and to carefully delineate how its functions and responsibilities mesh with those of the University Council. Then, an array of six Advisory Boards might be created that are oriented to the specific methodologies, needs, and professional networks of each of the six academic units. For example, those Advisory Boards might initiate and coordinate proposals as relevant to each school; the University Council could then act as a common forum to debate, prioritize resources, and establish relations between those programs and new initiatives; and then the Board of Trustees could have ultimate responsibility to approve major expenditures, rationalize investment priorities, and lead fundraising campaigns. In that regard, another key potential role for Trustees is to either “give or get,” in other words, to either donate financially themselves, or to ask their friends and professional colleagues for funds on behalf of the University.

Again, it must be stressed that it is the ultimate responsibility of the university leadership and its key internal constituency groups to make these kinds of decisions, but the larger point is that greater accountability and transparency in governance would serve several vitally important purposes.

First, it would make both short-term planning and longer-term strategic planning more consensual, thereby ease tensions between the academic units and different constituency groups within KU, and add greater legitimacy to the allocation of scarce resources.

Second, such regularity would raise the “comfort level” for both international and local donors, who might be more inclined to help finance specific campaigns or initiatives if they were assured that mechanisms for accountability and transparency were in place to ensure that grants or donations are allocated as intended.

Third, such mechanisms might overcome the tendency to operate from year-to-year on an ad-hoc basis, and create the flows of information and

financial data within the University, and between KU and its external donors and partners, that could better inform long-term strategic planning.

Finally, such governance policies would contrast ever more favorably with the systemic problems that often seem to dominate the state universities, and that have severely compromised several major European projects (especially TACIS) and multilateral technical assistance projects (especially early World Bank efforts). In other words, KU could provide a model for the future of Azeri higher education not just in what it decides to do, but also, and perhaps more importantly, in how those decisions are reached and implemented. The VAP team is confident that KU will be able to articulate and establish their own distinctive procedures to fulfill these goals, and would strongly recommend they do so in close cooperation with international scientific networks and higher education communities.

4.2 External Relations with the SCSA and MOE

Of course, greater accountability and transparency in internal governance might also provide greater leverage vis-à-vis key external actors, most notably the State Committee on Student Admissions (SCSA), the Ministry of Education (MOE), and the Cabinet of Ministers. A key obstacle to the future growth and functional autonomy for KU is its dependence on the SCSA and its tight control of student admissions into each specific academic program and degree track, although it should be noted in that regard that each year since 2002 has seen a steady but controlled growth in admissions. Yet as VAP Team Member Josef Hochgerner stressed in his report during the site visit, it should be reiterated frequently to the state authorities that the “mobility of students and the autonomy of universities are indispensable obligations” for the Bologna Process, and that KU is uniquely positioned to model practices such as autonomous governance, a credit system, and quality assurance. Additionally, it could be argued that KU deserves, along with Qafqaz University, to be entitled to “Distinguished Status,” and given greater autonomy by the MOE to shape its own curriculum and management procedures. There are various methods that can be implemented to improve strategic planning, organizational development, and quality assurance (such as the BSC system, or Balanced Score Card). Such performance management indicators, as well as benchmarking and evaluation methods, and even the concept of Intellectual Capital, emerged out of industry and corporate cultures. Universities such as KU that seek to improve their internal management may consider adapting aspects of such methods and tools, but only after a process of careful review and selection to ensure that such tools are relevant to their academic mission and institutional culture.

By entering into such processes to embrace global standards for quality management and financial transparency, KU might not only generate skills and tools to improve its own internal procedures, but also have greater leverage and legitimacy vis-à-vis external decision makers, potential critics, and rivals from the state universities. Of course, all of this also suggests that it might be useful for KU and Qafqaz to overcome their institutional rivalry, and to work together to lobby on behalf of such policy innovations and the legal rights of private universities. Perhaps even more constructively, in order to

transcend what often seems to be an adversarial relationship with the MOE and the state universities, KU and Qafqaz might join together to share and help to demonstrate such policy innovations with the SCSA and other state agencies or ministries. In that regard, while tensions have persisted about the right of KU to issue its own diploma, a more practical strategy might be to continue to issue the state diploma (thus assuring graduates' entry into state university postgraduate programs and state employment), while lobbying for more autonomy in how to implement state academic standards, as well as more active participation in admissions into KU.

4.3 Management Training and Staff Development

All of this points to the urgent need to also establish greater regularity, and to allocate real resources, to ongoing management training and staff development. Again, by Azeri standards KU has done exceptionally well in this regard, and publishes an annual *Staff Information Guidebook*, which lays out procedures for hiring, promotion, firing, pay, benefits, and the rights and responsibilities of employees. However, it also seems that many key administrative tasks at KU are done on a semi-voluntary basis by faculty and staff, presumably out of financial necessity. Yet such administrative tasks (for example running the career center, installing and maintaining ICT services, enriching distance learning, supervising student services, mentoring international students, overseeing internships, running the budget office, ensuring compliance with grants and contracts, and ensuring accuracy in enrollments and student registration) are all serious professional jobs that require training, adequate pay, and continual retraining. Of course, such staffing and staff development is difficult and expensive, and yet these are precisely the “invisible” foundations upon which all else rests at a modern university, and without which research, teaching, and learning are simply impossible.

There are many different international models for this kind of management training and staff development, not only from various TACIS projects in Azerbaijan and the southern Caucasus, but also from organizations such as the European University Association (EUA, <http://www.eua.be>), the Programme on Institutional Management in Higher Education (IMHE) of the Organization for Economic Cooperation and Development (OECD, <http://www.oecd.org/edu/higher>), as well as from various US, British, and other universities. An interesting potential model for KU might also be a more targeted program such as the Faculty Development and Training (FDAT) program that was organized between Indiana University and the American University of Central Asia (AUCA) in Kyrgyzstan, in which exchanges and training focused not only on issues of curriculum and instruction for faculty but also on exchanges and training for key management staff and the improvement of their professional skills in budget procedures, personnel policies, student registration, and information systems.

4.4 Faculty Training and Professional Development

Of course, management skills and staff training are only the foundations upon which the real work of the University rests, and in that

regard sustained attention to faculty training and ongoing professional development are also vitally important. Clearly one of KU's greatest assets is the reputation of its faculty, although a key concern is that only 25 percent are full-time (on three to five-year contracts), with the remainder either drawn from other professional spheres or simultaneously employed at various state universities and academies out of financial necessity. In that regard, faculty salaries could be the focus of a special fundraising effort, and new procedures and policies put into place to cultivate faculty skills in research and teaching. For example, internal grant competitions could be held to allocate small grants to support faculty research, faculty-student collaborative research, course development, instructional innovation, and release time, provided that clear work plans inform decision making on how those resources or that subsidized release time will be used to directly benefit the applicants' department or academic program. Such an internal "mini-grant" program could initially be modestly funded, could then be the focus of a targeted fundraising campaign or grant applications, and could also be used to "train" faculty in grant-writing and research methodologies. Such a program could also include training to encourage KU faculty to apply more regularly and systematically for international research grants, fellowships, and exchange programs, as well as a special effort to systematically encourage the placement of Fulbright and other international or visiting faculty at KU. Furthermore, greater clarity and transparency regarding the hiring, promotion, and dismissal of faculty could be established and better publicized, especially if KU is to succeed in its desire to attract visiting or international faculty.

Finally, KU could assist its faculty in systematic efforts to participate in large-scale or multi-national research projects, perhaps most notably through the Seventh Framework Program (FP7) of the European Community for research and technological development (2007-2013), and perhaps most notably around issues surrounding renewable energy, environmental sciences, and socio-economic research. Finally, there are several useful professional associations that draw together resources on these issues, such as the EUA (<http://www.eua.be>); and the United States-based POD Network (Professional and Organizational Development in Higher Education, <http://www.podnetwork.org>).

4.5 Internal Assessment, Program Evaluation and Quality Assurance

Khazar has also been quite innovative in its use of internal assessment data, especially its student polls that are conducted each semester, and is also quite advanced in its collection of regular course evaluations. However, much more could be done, perhaps especially through KU's Center for Academic Quality Assurance, to systematically gather assessment data on the quality and techniques of faculty teaching as well as the nature and depth of student learning, and especially to train KU faculty and staff in the use of new survey methodologies and psychometrics. There are excellent models emerging in the United States, Europe, and even in Russia about how to use such assessment data to "close the loop" and to continually improve the quality of teaching and learning. In fact, this global "assessment movement" reflects the increased demand for efficiency and accountability in higher

educational systems around the world. In the context of the Bologna Process, this has led to new collaborative mechanisms for “quality assurance” and transnational evaluation, especially through the EUA, the European Network for Quality Assurance (ENQA, <http://www.engq.eu>) in Helsinki, and the Transnational European Evaluation Project (TEEP). All of these efforts are also intended to cultivate the professional practice of peer review, as well as to strengthen management accountability and transparency by drawing faculty and student voices into the process of university reform.

There are also several excellent models for these processes in the United States, such as the Cooperative Institutional Research Program (CIRP) out of the University of California at Los Angeles (<http://www.gseis.ucla.edu/heri/cirp.html>); the National Survey of Student Engagement (NSSE) and the Faculty Survey of Student Engagement (FSSE) out of Indiana University (<http://nsse.iub.edu/>); and the Collegiate Learning Assessment (CLA), sponsored by the RAND Corporation and the Council for Aid to Education (<http://www.cae.org>). For example, the NSSE, FSSE and other related surveys are specifically designed to assess the extent to which faculty and students engage in effective educational practices, and to provide detailed data to assist and train faculty in how to improve their teaching and mentoring. In fact, the very act of responding to the surveys requires faculty and students to reflect on what they are putting into and getting out of their university experience. Finally, the availability of valid and objective assessment data will be of keen interest to the tuition-paying public, and could be incorporated into an array of new, more objective and relevant performance measures which would coincide, in European terms, with the emerging interest in “consumer protection.” Yet again, developing the skills and tools for sophisticated assessment and evaluation would be expensive, but could lead to collaborative research grants as well as generate vitally important data for KU’s own public relations and marketing, negotiations with state agencies, institutional research, and strategic planning.

Finally, it should also be noted that such assessment data on the student experience and the contours and depth of student learning could also generate information that would be invaluable to improve student services, to enrich tutoring and the development of student study skills and time management, and to more fully and successfully engage students in university life. Such strategies and services could improve student retention and graduation rates, their academic success, KU’s attractiveness for fee-paying international students, as well as alumni loyalty to KU.

4.6 Budget Procedures, Fundraising and Development Strategies

Of course, while such paid professional staff and increasingly complex techniques for governance and management are undeniably expensive, they should be considered as necessary investments in the “foundations” of any modern university. If KU truly does aspire to a leadership role, and to serve as a model for “best practices” in such areas, then it could apply for collaborative research and development grants to finance innovation in governance, management, and finance. Existing budget procedures at KU seem relatively simple and straightforward, perhaps because the bulk of the University’s

income is from student tuition, with only modest additional income streams from grants and services. Similarly, the bulk of KU's expenses are in salary and scholarships, with continually increasing annual expenses for infrastructure, community services, and technology.

However, it is also clear that KU certainly has not yet exhausted its financial potential and could undertake much more determined efforts to “market” its comparative advantages, which include its reputation for honesty and ethical standards, the fact that most instruction is conducted in English, KU's relatively greater participation in international projects and exchanges, the University's reputation for critical thinking and creative teaching, as well as the leadership's very real dedication to cultivating a humanistic and progressive conception of Azeri national culture and identity. However, to realize the full financial potential of those “market” advantages, KU must vigorously invest significant resources in professional fund-raising, grant writing, and institutional development. When conceptualizing how to become this kind of “entrepreneurial” university, it must also be kept in mind that the essential idea is to generate new income streams for the institution as a whole, and not simply for individual faculty members or academic units in some narrowly proprietary or “commercial” way. Such leadership and focus might best be provided by a new Vice Rector or Vice Chancellor for Resources and Development, which would allow Chancellor Isaxanli and Vice Chancellor Nuriyev to focus on the core of the academic mission and faculty development.

An important first step might be to engage with an international accounting firm to conduct an independent audit of KU. For example, the American University of Central Asia (AUCA, at that time the American University of Kyrgyzstan or AUK) struggled for several years to improve its internal budget procedures, and then contracted with Deloitte and Touche in 2000-2001 to conduct such an audit. The initial audit research uncovered some serious problems, which were corrected with the assistance of Deloitte and Touche and other international partners such as the Open Society Institute (OSI). The dramatic improvements in financial management and budget transparency that resulted then contributed directly to AUCA's successful campaign to create a \$15 million endowment for the University, with major contributions from OSI and the United States Agency for International Development (USAID). It is also worth noting that a key aspect of AUCA's endowment campaign was their stated goal to serve a regional mission as a model for university management as well as for excellence in undergraduate education.

While cultivating potential major donors for an endowment or capital campaign is critical, it is also vitally important for an institution like KU to demonstrate that it can develop viable revenue streams and income of its own. In this regard, it might consider a more resolute effort to develop and market the Khazar University Press, not only for its own internal publication needs but for the broader educational market as well; and to expand its capacity and “services” in English language and other foreign language training. Another possibility might be for KU to “market” its own consulting

services to other universities, both public and private, for example about how to innovate in curricular design, instructional methods, and university management. Other possible entrepreneurial initiatives could be generated through increasing efforts to market the consulting and research “services” of units such as the Center for Economic and Business Research and Education (CEBRE), the Gender Studies Center, the Institute of Politics, the Khazar Legal Clinic, the Translation Studies Center, and the new Institute for Education Policy (IEP). Such efforts could not only generate revenue, but also provide “real world” research and study opportunities for faculty and students. Finally, KU might also undertake more aggressive efforts to recruit tuition-paying international students, provided of course that housing, mentoring, and additional language and other tutoring can also be provided to ensure that such international students succeed at KU. Such revenue streams, even if modest, can demonstrate to the public and major donors that the university leadership has committed to strategies for institutional sustainability and financial viability, and possibly convince major donors to commit to an endowment or capital campaign, and not simply to provide day-to-day financial support.

Additional steps to improve KU's finances and budget procedures might include hiring a professional chief financial officer (CFO); clarifying internal control and key accounts management; possibly hiring a full-time and professionally experienced fundraiser and grant-writer, as noted above; more intensive efforts to lobby together with other universities both public and private to exempt donations and grants from VAT taxes; and more systematic efforts to cultivate philanthropic and corporate donations, perhaps linked to specific internships and programs. Stepping back from specific needs and programs, all of the recommendations in this report might also be better served not through a series of disconnected or temporary international partnerships, which often seem not to endure past the end of their grant funding, but through a possible new or permanent consortium of key university partners, with one or two partners carefully selected and cultivated in the United States, Europe, Turkey, and Russia.

4.7 Partnerships with Business, Government and Community Groups

As noted above, Khazar has done exceptionally innovative work in establishing new partnerships with business and corporate interests, especially around its Advisory Board for the School of Architecture, Engineering and Applied Sciences. Yet such efforts should be driven not only by financial necessity, or by the narrow needs of external or corporate partners, but developed as part of a coherent and university-wide strategy. Equally importantly, the University must develop a clear code of ethics to guide such partnerships, as well as clear guidelines on potential conflicts of interest and financial transparency to safeguard the integrity and centrality of the academic mission.

Of course, leading universities around the world are aggressively pursuing partnerships with business and industry for collaborative research, employee training, and information technology, not only in order to generate funding but also to expand internships and career opportunities for students

and alumni. KU possesses great potential for growth in this area, through all six of its academic units, and efforts should be made to accelerate the development of Advisory Boards for each school, precisely in order to cultivate links to business and other professional partners, to medical and public health agencies, to training program and agencies in the service professions such as social work and social pedagogy, and to teacher education institutions and with schools.

KU could also strengthen partnerships with business and community groups by adopting a concept that is widespread internationally, namely to establish a voluntary Code of Conduct, which would address issues related to mutual collaboration and ethics in research and the utilization of knowledge. In doing so, national and international partners and communities might be drawn more closely into the strategic objectives of the university.

There is also significant untapped potential for KU in providing contract research and employee training to public and state agencies, as well as perhaps providing training in management, research, and survey methodologies to non-profit organizations and non-governmental organizations (NGOs). Vitally important innovations in global education have emerged out of the service learning movement, which is now increasingly referred to as community-based learning and community-based research. In such courses, students simultaneously study economics while placed at a business, or study poverty or migration while simultaneously placed at a social service organization or non-profit that works with disadvantaged or migrant populations. Other examples include studying the sociology and psychology of domestic violence or women's issues in an academic course while placed at shelter or service agency, or studying translation and linguistics while volunteering to provide translation services. Research has shown that such linkages and partnerships with community organizations can enrich student learning and deepen student engagement, but can also improve student retention and academic performance, as well as expand professional networks and career opportunities.

4.8 Potential Partnership with the Caucasus Research Resource Center

The final theme of the VAP site visit was to explore the possibility of an institutional partnership between KU and the Caucasus Research Resource Center (CRRC), an autonomous policy research organization located in Baku. In fact, both KU and the CRRC seem to be moving forward reasonably well on partially parallel tracks, and there might be political value, at least in the short term, for both in remaining independent amid the sometimes uncertain political and policy environment in Azerbaijan. There is, of course, also the critical issue of the longer-term financial sustainability of the CRRC once its primary donor, the Carnegie Corporation of New York, winds down its major grant support in two or three years. In other words, now would be a fruitful time to begin discussing expanded cooperation and then a possible formal institutional affiliation between KU and the CRRC. In such a relationship, KU would have much to offer: its broad base of academic programs across the humanities, social sciences, and into the life and physical sciences, the latter especially in petroleum engineering and management. KU's strengths in

medicine and dentistry could also be vitally important, which is linked to a network of affiliated clinics and hospitals around Baku, and has significant potential if linked together with CRRC capacities into a broader public policy program around issues in demography, environmental studies, and public health.

The current acting leadership of the CRRC suggested a possible strategy of moving into corporate-funded marketing and other for-profit research, but the potential risks of such a move would be the difficulty of competing with the many businesses and consulting firms already providing such services in the Azeri market, as well as potentially fatally compromising the CRRC's reputation for scholarly objectivity and methodological rigor. What the CRRC and its staff could offer KU would be state-of-the-art capacity in social science research; real skills and experience in research management; advanced computer technologies and network capacity; advanced methodological training opportunities for faculty and especially for graduate students; and a network of relationships and contacts in the business and public policy communities. An ideal possible location for this formal institutional affiliation might be Khazar's downtown building, which would link the combined activities of KU and the CRRC directly into the heart of Baku's corporate, financial, and policy communities. Finally, a possible initial institutional link might be between the CRRC and KU's Center for Economic and Business Research and Education (CEBRE), a semi-autonomous non-profit that would complement the CRRC's strengths in demography, sociology, and public policy.

5.0 Final Thoughts

In conclusion, it was clear to all members of the VAP Team that Khazar University has made extraordinary progress in its goal of creating a modern, state-of-the-art university, and has achieved real successes in the face of significant financial obstacles, struggles over admissions and other policies, and occasionally threatening political obstruction. KU is also poised, should it be able to consolidate its governance, management, and finances, to become an example of "best practices" for all of Azeri higher education. This leadership role could be demonstrated in all areas, from curricular design and instructional innovation to institutional research and strategic planning.

More specifically, KU, possibly together with Qafqaz University, is uniquely positioned to lead the way into the Bologna Process, because Khazar and Qafqaz are clearly the two institutions in Azerbaijan that have made the most progress in modernizing their management, internationalizing their curriculum and instructional technologies, and leading the way into a student-centered credit system. One possible strategy for more constructive cooperation might be that Qafqaz leads the way into relations with Turkey and Europe, and Khazar into relations with Europe, the United States, and through its strengths in regional and international studies, into the southern Caucasus, Russia, and Central Eurasia. Another possibility that was mentioned during the VAP site visit was to participate more directly in the "Regional Caspian Studies" MA degree project led by American University in Washington, DC, together with university partners in Georgia, Armenia, and Turkey.

Furthermore, cooperation could be expanded with Georgia around its efforts to establish an independent agency for university accreditation, together with its US partner, the Academy for Educational Development (AED); or possibly with Russian partners in their efforts to establish a new system of student loans and tax-free university endowments or “resource capital;” or perhaps with the Aga Khan Humanities Program (AKHP) and other similar efforts in Central Asia. Such regional relationships could be the core of an expanded network of collaborative and institutional partnerships for KU, possibly even with selected units or departments of state universities such as Baku State University, and possibly with the Heydar Aliyev Foundation or other Azeri NGOs.

Finally, we would like to conclude by thanking the leadership, faculty, and students of Khazar University for their sustained engagement and hospitality during our visit to Baku, and to wish them the greatest possible success in their future endeavors. Because of the skills and dedication of its leadership, faculty, and students, KU has the potential to become the most innovative and successful university in Azerbaijan, and to thereby not only secure its financial viability and institutional sustainability, but to also create a new paradigm for the future of Azeri higher education.

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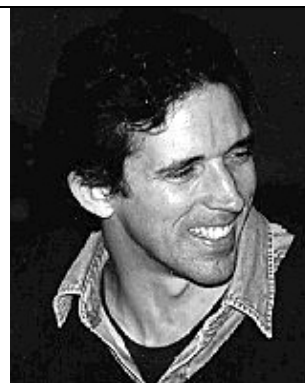
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Visiting Advisors:

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Mark Johnson is associate professor of history and director of Russian and Eurasian Studies at Colorado College in Colorado Springs, where he teaches courses in history, the history of education, and comparative and international education. His recent projects and publications include "Trends in Secular Educational Development in Azerbaijan and Central Asia: Implications for Social Stability and Regional Security," for the National Bureau of Asian Research Analysis; "The Legacy of Russian and Soviet Education and the Shaping of Ethnic, Religious and National Identities in Central Asia," in *Challenges for Education in Central Asia*; and an assessment prepared for the U.S. Department of State in 2001-2002, *Creating a Regional Center for Excellence in Undergraduate Education: A Development Strategy for the American University of Kyrgyzstan (2002-2005)*. Dr. Johnson has also prepared policy analyses and evaluations for a variety of foundations and agencies, and is currently working to draw all of this work together into a book-length study, *Globalization and the Transformation of Russian and Eurasian Higher Education*. Dr. Johnson holds a B.A. from the University of Wisconsin at Madison and an M.A. and Ph.D. from Columbia University in New York.



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Josef Hochgerner is founder and scientific manager of the Center for Social Innovation in Vienna, Austria and is also a visiting professor at the University of Agricultural Sciences in Vienna as well as at numerous other Universities in Austria and abroad. He served as the secretary general of the International Forum on Work, Information Society and Employment (WISE) from 1998 to 2003 and from 2001 to 2005 as president of the Austrian Sociological Association. A specialist on issues of the information society, Dr. Hochgerner has in-depth knowledge of national and European policies on innovation, science, and technology development and also on issues such as employment, trends in business organization and eWork, Technology Assessment, and education and training. He has participated in a variety of European Union sponsored projects including the *Multilingual Urban Network for the Integration of City Planners and Involved Local Actors* (MUNICIPIA); *The European Charter for Telework* (DIPLOMAT); and the *Voluntary Industrial Code of Practice for global eWork* (VIP). Dr. Hochgerner was also highly active in the Austrian contributions to the European Union's Sixth Framework Program and the European Research Area.



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Tapio Markkanen has served as the secretary general of the Finnish Council of University Rectors in Helsinki since 1992. In this capacity he has been involved in both national and European policies of research and higher education. Professor Markkanen is a member of the Finnish National Commission for United Nations Educational, Scientific, and Cultural Organization and has been highly active in the development of science education and communication in Finland. Widely published in the field of the history of science, Professor Markkanen has taught astronomy at the University of Helsinki and conducted research on galactic structure, magnetic fields, and star formation. Professor Markkanen earned a Ph.D. and also an M.S. in astronomy from the University of Helsinki.



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Helene Kamensky is program director of the Salzburg Seminar, where she is responsible for the development and direction of academic programs on education and related issues. Before joining the Salzburg Seminar, Dr. Kamensky served as an adjunct professor of philosophy at the Institutes of Philosophy at the University of Salzburg and the University of Vienna. Previously, she was research fellow at the Institute of Scientific Theory at the Salzburg International Research Center. From 1985 to 1989, she was dean of the Faculty of Foreign Languages at Novosibirsk State Pedagogical University in the Russian Federation, where she previously served as associate professor and senior lecturer in the department of philosophy. Dr. Kamensky's area of research interest is higher education policy and management. She holds a Ph.D. in philosophy from the Department of Logic and Epistemology at the Russian Academy of Sciences, which was authenticated by the University of Salzburg, Austria, in 1993.



Schedule:

Time	Event
April 25, Arrival Day	
21:00	Team arrives
April 26, 1st Day of Program	
11:00	Presentation of the program.
12:30	Lunch
13:30	Meeting with the Chancellor
14:00	Working Group B: University Administration and Finance: General Issues, Budgeting and Accounting Systems and Allocation of Budget Resources
15:00	Coffee Break
15:15	Working Group B: University Administration and Finance: General Issues and Revenue Planning and Management
16:30	Working Group B: Fundraising Strategies
18:00	Team Debriefing Meeting
19:30	Dinner or Cultural Program
April 27, 2nd Day of Program	
10:00	Working Group A: Academic Structure and Governance: General Management Issues; Development of Governing and Advisory Boards
11:30	Coffee Break
11:45	Working Group A: (continued)
12:30	Lunch
13:30	Working Group A: University Autonomy and Academic Freedom Issues
15:00	Coffee Break
15:30	Working Group A: Role of the Marketplace in Teaching and Research
17:30	Team Debriefing Meeting
18:45	Meeting with Students
20:00	Dinner or Cultural Program
April 28, 3rd Day of Program	
10:00	Working Group C: Utilizing the Potential of the CRRCs to Promote Higher Education Reform in Azerbaijan (cooperative CRRC, University, Ministry Approach)
11:30	Coffee Break
11:45	Working Group C: (continued)
12:30	Lunch
13:30	Working Group C: (continued)
15:00	Team meets to prepare a preliminary report
18:30	Dinner
April 29, Summary Presentation and Cultural Program	
10:00	Presentation of the Oral Report to the Chancellor and the University Team
11:30	Press Conference
12:30	Lunch
	Sightseeing or Cultural Program
19:30	Farewell Dinner
April 30, Departure Day	

THE UNIVERSITIES PROJECT OF THE SALZBURG SEMINAR

Universities throughout the world are undergoing systemic changes in their governance, academic design, structure, and mission. From 1998 to 2003, the Salzburg Seminar's Universities Project focused on higher education reform in Central and East Europe, Russia, and the Newly Independent States as universities in these regions redefined their relationships with governments and try to become more integrated into the global intellectual community.

The Universities Project was a multi-year series of conferences and symposia convening senior representatives of higher education from the designated regions with their counterparts from North America and West Europe. Discussion in the Project's programs focused on the following themes:

- University Administration and Finance
- Academic Structure and Governance within the University
- Meeting Students' Needs, and the Role of Students in Institutional Affairs
- Technology in Higher Education
- The University and Civil Society

THE VISITING ADVISORS PROGRAM (VAP)

The Salzburg Seminar launched this enhanced aspect of the Universities Project in the autumn of 1998. Under the VAP, teams of university presidents and higher education experts visit universities in Central and East Europe and Russia at the host institutions' request to assist in the process of institutional self-assessment and change. To date, seventy-six visits have been held at universities in Central and East Europe and in Russia. The addition of the Visiting Advisors Program brought to the Universities Project an applied aspect and served to enhance institutional and personal relationships begun in Salzburg.

THE RUSSIAN HIGHER EDUCATION PROGRAM (RHEP)

In 2003, in response to the need for continued engagement, the Salzburg Seminar and the Ministry of Education of the Russian Federation initiated a five-year partnership (2003-2008) designed to promote the exchange of knowledge and best practices between the higher education leadership of the Russian Federation and their counterparts from North America, Western Europe and Central-Eastern Europe, Commonwealth of Independent States countries and Eurasia. The Russian Higher Education Program consists of two symposia per year, which take place in Salzburg and in the Russian Federation. Each symposium convenes representatives of universities, higher education organizations, service organizations, governmental structures, and stakeholders. The Russian Higher Education Program centers around five main topics:

- Russian Program of Modernization in the Context of Global Education Reform
- Higher Education Governance Reform: Issues and Challenges
- Strengthening the Role of Russian Universities in Service to Society
- Quality Assurance in Higher Education: Sharing International Experience
- Higher Education and Research (Networks, Linkages, Best Practices)

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