

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Post-Audit Report of the Institute for International Business, University of Iowa  
**Date:** May 10, 2004

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**Recommended Actions:**

1. Receive the Post-Audit Report from the University of Iowa for the Institute for International Business.
  2. Approve continuation of Institute for International Business.
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**Executive Summary:**

The University of Iowa has submitted a post-audit report for the Institute for International Business. The post-audit report has been reviewed by the Board Office and the Interinstitutional Committee on Educational Coordination (ICEC) and is recommended for continuation.

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**Background:**

Review of Post-Audit Report

Regent policy requires that a post-audit report be prepared for centers and institutes five years after their initial approval by the Board. The Regent post-audit process requires institutions to respond to questions outlined in the Policy Manual §6.07. The University's responses to the Board of Regents Post-Audit Questions are attached to this memorandum (See attachment). A review of the post-audit report indicates that the Institute meets the Board's criteria for post-audit review.

Program Goals

The Institute for International Business is a non-degree-granting unit housed in the Tippie College of Business. Its goals are:

- 1) to develop and advance knowledge through research and teaching on issues related to international business;
- 2) to provide students at all levels with education, experiences, and skills necessary to compete in the global marketplace;
- 3) to promote innovative and cross-cultural approaches to managerial decision-making and problem-solving.

Program Characteristics

About 40% of the University's on-campus MBA program students are international students. The Institute for International Business is an important resource in the College of Business for these students. According to the institution, the Institute for International Business is the only institute of its kind in Iowa.

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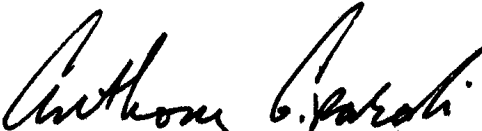
**Link to Strategic Plan:**

The post-audit reporting process advances the following strategies of the Board's 2004-2009 Strategic Plan:

Strategy 1.1.1 Utilize continuing quality improvement processes for all academic programs.

Strategy 2.1.1 Continue efforts to increase the quantity and quality of research, scholarship, and creative activities.

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Anthony Girardi

Approved:   
Gregory S. Nichols

Response to Audit of  
Institute for International Business (IIB)  
Tippie College of Business  
University of Iowa  
February 1, 2004

The Institute for International Business (IIB) is a non-degree granting Institute housed in the Tippie College of Business. The current Director of the IIB is Terry L. Boles, who assumed this position July 1, 2003, from William Albrecht who served as the Director from the inception of the Institute in April of 1999 through June 2003. The current Assistant Director is Ann Knudson, who has held this ¾ time position since August 2002. Prior to Knudson's hiring the Associate Director position was held or shared over a 3 year period by Sarah Richardson, Jane Van Voorhis and Beata Loch. Various MBA Graduate Assistants provided by the School of Management have held quarter time, year-long positions with the institute over the past five years. The activities of these GA's have been managed by the Assistant Director.

In responding to this audit request we will first respond to those questions in Chapter 6.07 from the Regent's Procedural Guide, noting where we believe these guidelines do and do not apply to the activities of the institute. We will then address the formal goals of the institute as established by Prof. Albrecht in his original proposal, and indicate what has been achieved toward those goals since the Institute was formally established in 1999.

**6.07 A.**

1. To our knowledge the IIB is the only Institute of its kind in Iowa.
2. The IIB was approved by the Regents in the April 21-22, 1999 meeting. The activities of the Institute began immediately after approval. Many of the activities of the IIB were already in progress at the time of formal approval.
3. The Institute is not a degree granting program, thus the information requested about headcounts and enrollments do not apply. During Prof. Albrecht's tenure however, a new Executive MBA program in Hong Kong was initiated under the School of Management (SOM) in the Tippie College of Business. This program is described in more detail under our goals below. The first cohort, which entered in April 2001, will graduate 21 MBA students in March 2004. The second cohort of 38 students began in September 2003 and is expected to finish in May of 2005. A third cohort is projected to begin in September 2004.

In the full-time on-campus MBA program approximately 40% of the students each year are international students. The IIB assists the SOM in providing for these students, and is directly responsible for the organization of the International Orientation for MBA students.

4. The Institute does not have its own graduates, so this section does not apply.

5. The Institute is not accredited; however, it is part of the Tippie College of Business, which is accredited by the AACSB. We will meet with the AACSB team when they visit the college for the current accreditation process in February 2004.
6. The current FTE staffing includes the Director, who receives a one-course load teaching release and a 1/9<sup>th</sup> stipend to be paid in a lump sum in July 2004, and on a yearly basis for her 3-year appointment. The Assistant Director is 3/4 time at the Program Associate I level. Currently 3 GA's provided by the School of Management work with the Assistant Director. Over the next three years we would like to see the Assistant Director Position be moved to a full-time position. We would also like to employ a 10-hour per week undergraduate work study student as support staff.

7. Table 1 below reflects the operating budget from July 1999 to December 2003

Table 1

University Year	Salary & Fringe <sup>1</sup> Expenditures	General <sup>2</sup> Expenses
7/99 – 6/00	\$30,305.49	\$1,585.59
7/00 – 6/01	\$42,923.56	\$4,331.35
7/01 – 6/02	\$34,329.48	\$1,416.67
7/02 – 6/03	\$25,663.05	\$3,040.47
7/03–12/03	\$14,033.88	\$ 606.83

<sup>1</sup> "Salary and Fringes Expenditures" cover all or part of the Assistant Director's compensation, and the Director's stipend and fringe.

<sup>2</sup> "General Expenses" included office supplies, copy work, postage, funding support for cultural events, expenditures made for hosting visitors, faculty travel expenditures, advertising, etc.

We expect our general operating expenses to remain basically the same as in the past three years. However, in order to achieve many of our goals we would like to obtain increased funding in the following areas:

### Staffing

*Assistant Director:* Over the past two years the duties and responsibilities of the Assistant Director have increased substantially. We think it is appropriate to move the 3/4 time Assistant Director position to full-time. This 25% increase would lead to increases in salary and fringe at the cost of \$12,190 per year, and a total of \$36,570 over 3-years.

*Work-Study Student:* Although a 1/4 time student support staff was listed in the initial description of staff for the institute, to date, no one has held this position. Thus, we request a 10-hour per week work-study student to handle clerical tasks in the office during Fall and Spring semesters. This would incur a cost of \$2,880 per year and \$8,640 for a 3-year period.

*Office Space:* Ideally, if space is available, the Institute would be able to function more effectively if it were located in a suite as are the other Institutes in the Tippie College.

We believe such space would provide the Institute with better visibility in the college and would allow us to better serve students and faculty. If this space is not available in the next year we would, at a minimum, like to have a bulletin board built for the exclusive use of the Institute for displaying flyers, events, international opportunities etc. The estimated cost of a bulletin board is \$600. We would also like plaques with the Institute's name for the Director's and Assistant Director's offices.

Library: We intend to build a video and text library for the Institute that would have up-to-date information on cultural issues in International Business, and teaching materials and cases that could be used by faculty who teach International Business courses. We estimate start-up costs of @\$1500 for library acquisitions. We will investigate grant opportunities to meet this goal.

Computer: We anticipating needing an updated computer for the Assistant Director, at an estimated cost of \$900 - \$1,200. We would also like to have a separate computer available for the work-study student.

Travel Budget: Many of the activities of the Institute involve establishing new relationships with universities and businesses overseas. At a minimum, two-trips abroad should be funded to enable the Director, or another representative from the college, to visit potential study-abroad programs and to create internship opportunities for our Undergraduate and MBA students. Estimated cost: \$6000 per year, \$18,000 over a three-year period.

Outreach: One of our goals is to initiate better relationships with our International Alumni. Doing so will not only provide potential value for the college in terms of increased giving, but will also provide potential internship and business employment opportunities for our students. We intend to establish an International alumni database and want to increase the distribution of our Newsletter to our alumni. A sum of \$500 per year toward this initiative would allow us to make significant gains in this area.

All of these initiatives would require increased commitments in funding from the Tippie College of Business, as well as continuing efforts to obtain outside funding in the form of grants, endowments, etc.

### **Accomplishments towards goals established in 1999**

The following three goals were presented in the original proposal for establishment of the IIB. The remainder of the self-study will discuss the activities and accomplishments of the Institute as they relate to these goals.

**Goal 1: To develop and advance knowledge through research and teaching on issues related to international business.**

- Received two Business and International Education (BIE) grants from the Department of Education(DOE)

Field Study Courses: Since 1999 an international field study course has been offered to MBA students. The courses have been developed and taught by Iowa faculty. In these courses students have worked on a Latin American business project for a prominent US business in Argentina, Brazil and Mexico. Students conducted significant research for the company which included a one-week business visit to the relevant country involved in the project. The courses have concluded with the students providing project presentations to company executives. Another field studies course is being offered in the spring 2004 term with students working on a marketing project for an Iowa company (Little Drug) in Mexico.

Five faculty and two professional staff members served internships with businesses and universities in Argentina and Brazil. These internships provided faculty and staff with a better understanding of business practices in the two countries and the challenges faced by US firms. This knowledge helped develop a richer curriculum on Latin America for both undergraduate and MBA students.

- Development and implementation of the Tippie EMBA program in Hong Kong

The following 15 courses comprised the Hong Kong EMBA curriculum: Data and Decisions; Operations Management, Marketing Management; Corporate Financial Reporting; Managerial Accounting; Dynamics of Negotiations; Managerial Economics; Managerial Finance; Investment Management; International Economic Environment of the Firm; Entrepreneurship & New Business Formation; Management in Organization; Introduction to Information Systems; Strategic Management and Business Policy; and Web Business Strategy

Faculty Involved: The Iowa Hong Kong EMBA course is unique among similar existing programs in Hong Kong in that courses are predominately taught by Iowa business college faculty or other faculty with close ties to Iowa's School of Management. Of the 15 courses offered, 12 were taught by Iowa faculty members.

Students: Cohort 1 has 21 students and Cohort 2 has 38 students.

- Assisted in the development the Tippie China Executive MBA Program with a Concentration in Agribusiness in Beijing

This will be a fully accredited MBA program with a focus on the food and agribusiness marketplace. The University of Iowa will be working with Purdue University and the Chinese Academy of Agricultural Sciences (CAAS). Iowa faculty will be responsible for the MBA core courses and Purdue faculty will focus on the agricultural business courses. The CAAS will be providing teaching assistants to Iowa and Purdue faculty members. Iowa is the primary institution involved in this program, and students will be conferred a MBA degree from Iowa. This program has been under development over the past year and is projected to begin in May of 2004.

- The Associate Dean of the School of Management and the MBA Curriculum Committee has approved the development of an MBA International Business Concentration. We are still in the process of implementing this concentration. Current barriers include lack of funding for the introductory multi-disciplinary course. Our short-term goal towards the implementation of the concentration is to begin on a smaller scale by offering an overview short course on International Issues in Management in the Evening MBA program.

**Goal 2: To provide students at all levels with education, experiential background and skills necessary to compete in the global marketplace.**

- The IIB and the University of Wisconsin worked together from 2000 to 2003 to offer a three week course in London and Paris to MBA students over the winter break. Courses were taught by Iowa faculty and students received three-credit hours. Due to insufficient numbers, the program was cancelled in 2002 and 2003, but the IIB is currently working on a two-week course in London to be offered Iowa MBA students during the winter break of 2004-05.
- The IIB has assisted the Iowa Evening MBA Program in offering a two-week London course in May to Evening MBA students. The course has been successfully held for five consecutive years. Arrangements for the May of 2004 course is currently under way.
- See “Field Study Courses” referenced with the BIE grants under Goal 1.
- Through the BIE grant the IIB has provided funding for additional faculty members to participate in the Executive MBA Program’s course in Brazil. This participation has enabled them to enrich their existing MBA and undergraduate courses by including material on business opportunities and challenges in Latin America.
- Development of “Economies in Transition”: Professor Albrecht began teaching this course in 1999. Its annual enrollment has been approximately 75 students. The course relies heavily on materials developed by Albrecht, and are based on his experience in Latin America (funded by the BIE grant) and Asia (as a UI Global Scholar).
- Prior to the start of each academic school year the IIB organizes and implements a two-day International Student Orientation (ISO) for the incoming first-year international MBA students. Students are able to meet new classmates and faculty, learn about American culture and MBA student life, and practice team building and presentation skills.
- The IIB organizes or assists in various International Social Programs for MBA students. The programs provide opportunities for all students to learn about different social, cultural, and business backgrounds. Events include:

1. International Luncheons, where programs on their native country are presented by the students and ethnic fare is served. Since the spring of 2002 one to three luncheons are held each semester and organized by the IIB
  2. Diwali – an important Indian Festival held in November which is organized by Indian students and sponsored by the MBAA, SOM and IIB
  3. MBA Thanksgiving – organized by the IIB
  4. Lunar (Chinese) New Year – important and widely celebrated holiday in many East Asian countries. It is organized by Chinese students and sponsored by the MBAA, SOM and the IIB
  5. Global Potlucks – organized by the IIB
- IIB Newsletter – The IIB staff has prepared a newsletter every semester for MBA students, staff and faculty. The newsletters contain information about cultural activities and international developments pertaining to MBA students. The IIB is currently thinking of ways to expand its newsletter to include undergraduate interest. It is also looking to expand its audience to include alumni, Iowa business leaders, and prospective students.
  - The IIB is currently working with MBA students to create a Graduate Global Business Association that will help provide more exposure and opportunities to all students interested in international business.
  - The IIB assists the Study Abroad Office and Undergraduate Programs to better facilitate study abroad opportunities to Iowa Business Students. Currently the College of Business has six reciprocal exchange programs. The IIB is trying to determine ways to better market our existing programs, and is looking to develop exchange programs that would be specifically geared toward MBA students.

**Goal 3: To promote innovative and cross-cultural approaches to managerial decision-making and problem solving.**

- On November 30, 1999 the IIB and Pioneer Hi-Bred International, Inc. (Pioneer) co-sponsored a day-conference for Iowa business leaders entitled, “Latin American Business Opportunities: Some Practical Matters”. The conference was held at Pioneer facilities in Des Moines, Iowa. Approximately seventy Iowa business leaders and educators attended this conference.
- On November 15, 2002 the IIB and the Japan External Trade Organization (JETRO) co-sponsored a panel discussion entitled, “Japan Today: The Challenges Ahead”. Panelist included an international business lawyer with expertise in Japan, a Deputy Consul General and Minister from the Japanese Embassy in New York, a Chief Executive Director from JETRO and a University of Iowa History Professor. The panel discussion was held in the University of Iowa Pappajohn Business Building in Iowa City where approximately ninety business leaders, students, and faculty and staff members.