



Universidad  
Carlos III de Madrid

DEPARTMENT OF BUSINESS ADMINISTRATION

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# STRATEGIC PLAN 2016-2020

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# INTRODUCION

This document describes the strategic plan of the Department of Business Administration (from now on, the Department) for the period 2016-2020. The document is a continuation of the previous Departmental Strategic Plan, designed for the period 2010-2015. It describes the different objectives to be pursued by the department, and the vehicles to achieve those objectives. It also contains a detailed description of the current situation of the department, which is also a formal assessment of the extent to which the objectives of the strategic plan 2010-2015 were achieved.

The overarching objectives of the Department are to achieve excellence in research and education, and, through excellence in research and education, have a significant contribution to society. As described in the assessment of the Departmental Strategic Plan 2010-2015, we are the leading department of business in Spain, and among the 15-20 best business departments in Europe according to several well recognized international indicators of quality in research and education. Our main objective for the next 5 year period is to be able to maintain the leadership in Spain and our privileged relative position in Europe. Given the financing constraints that Spanish public universities suffer because of the financial crisis, and the increased research output of our main competitors (the Spanish business schools and some other European institutions), maintaining our relative position is probably not an easy task. However, in the Strategic Plan we describe the actions that we can undertake to achieve the objective of maintaining, and improving, if possible, our relative position.

As in the prior strategic plan, the enablers that will permit the achievement of our main objectives are 3:

-People

-Infrastructure

-Financing / Fund raising

And also, as in the prior plan, the department keeps seeing the internationalization of faculty members, students and programmes as key to achieve our objectives.

# 1. BRIEF DESCRIPTION OF THE DEPARTMENT

- The **mission** of the Department involves the acquisition, assimilation, transformation and exploitation of knowledge to make a productive contribution to the improvement of society.

As an European leading department of academic excellence, our activities are guided by an unwavering desire of:

enhancing our position as one of the European leading research centers according to demanding international standards

educating our students to allow them to reach the highest professional achievements

contributing to the improvement, sustainability and social responsibility of our local and national communities

promoting a culture of entrepreneurship

creating an educational environment that fosters the wellbeing of our students and teachers and general cultural and social values.

- Our **vision**: To be a multidisciplinary international leading European business department with capacity to influence the research agenda in business economics.

- Our **values**: In line with the values of the University, the Department strives to promote the development of all those individuals who form part of our community. Social responsibility, defined as “strengthening social responsibility by promoting principles of equality, cooperation, sustainability and respect for the environment” guides all of our activities, as well as the respect for the rights and differences of others, the open discussion of ideas, and the reward and recognition of merit and competence.

The Department of Business Administration of the Universidad Carlos III de Madrid is the largest Department of the University. It includes the areas of Accounting, Finance, Management and Marketing. The department is situated among the 20 best European business schools, according to the ranking of business schools developed by the University of Texas at Dallas (<http://jindal.utdallas.edu/the-utd-top-100-business-school-research-rankings/>), which is based on publications in top tier journals in Accounting, Finance, Management, and Marketing. Also, in the 2014 QS World University Ranking, the Business Department is ranked among the best 100 institutions world-wide in Finance & Accounting and it is the only Spanish institution that appears in this ranking.<sup>1</sup> At the national level, the Department ranks first among the business departments of Spanish public universities, according to a ranking elaborated by the University of Granada.

We rely on four basic principles to achieve such remarkable outcomes, which are unusual in the Spanish University system: (i) We do not recruit our own doctoral students; (ii) we recruit junior faculty in the international job market for PhDs in the four areas of the Department. In particular, we interview candidates at the Academy of Management Conference

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<sup>1</sup> [http://www.topuniversities.com/university-rankings/university-subject-rankings/2014/accounting-finance#sorting=rank+region="+country="+faculty="+stars=false+search=](http://www.topuniversities.com/university-rankings/university-subject-rankings/2014/accounting-finance#sorting=rank+region=)

(Management), AFA meetings (Finance), E-Mac (Marketing), American Accounting Association Rookie Camp (Accounting). The result of this process is that 9 of our last 10 hires hold a PhD from non-Spanish institutions, some of them from the most prestigious universities in the world, like Harvard, NYU, Wharton or Cornell. Overall, 40% of our young faculty members hold a PhD from a non-Spanish institution like MIT, Stanford, Bocconi, Groningen, Maastricht, among others; (iii) we implement a policy of reduced teaching load to junior faculty (84 hours/year) that can be concentrated in 14 weeks. This allows faculty members enough flexibility to have 3-month stays abroad collaborating with coauthors; and last and foremost (iv) we provide clear and visible incentives for publications in high-quality journals, which are published on our web page ([http://portal.uc3m.es/portal/page/portal/dpto\\_economia\\_empresa/home/research/list\\_journals](http://portal.uc3m.es/portal/page/portal/dpto_economia_empresa/home/research/list_journals)).

In particular, a publication in this set of journals ensures the promotion from Assistant to Associate Professor within our 6-year standard tenure-track scheme. Also, we reward with 5000 euros each publication in a top-tier journal. Also, highly productive researchers can reduce their teaching load to a minimum of 28 hours/year. Moreover, we penalize the lack of publications by increasing the teaching load from the standard of 126 hour/year to 210. We also facilitate mobility among senior faculty members through a sabbatical program.

In addition, the Business-UC3M offers high quality professional master programs (MBA, Master in Management, Master in Finance and Master in Marketing) all taught in English. Another key element in our success has been the strength of our PhD program that relies on the Master in Business & Quantitative Methods (from 2016 on will be transformed in the Master in Business & Finance). We receive applications from students all over the world (close to 200 per year) and maintain around 70 students, 90% of which are foreigners. A signal of the quality of our PhD is the high success in placing our students as tenure-track assistant professors at good universities, such as Tilburg, Lancaster, Bristol, or Nova de Lisboa among many others.

The Business-UC3M also provides high quality undergraduate teaching to thousands of students who have graduated since 1990. The excellent reputation of our faculty, an innovative curriculum, and offering English as a working language has attracted first-rate students to our programs. This fact is recognized by being ranked consistently first in Spain in Business Administration (ADE) and Finance and Accounting (FICO) in the most widely used ranking in Spain, which is compiled by the newspaper El Mundo ([http://www.upv.es/entidades/BBAA/menu\\_urlpi.html?http://www.upv.es/entidades/BBAA/infoweb/fba/info/U0654837.pdf](http://www.upv.es/entidades/BBAA/menu_urlpi.html?http://www.upv.es/entidades/BBAA/infoweb/fba/info/U0654837.pdf)). Consistent with our innovative approach to teaching, this year 2015, we have launched a double degree in Business Administration & International Relations, which is the degree that requires the highest score to be accepted among the different degrees offered by the University, which is a signal of the interest in this double degree. The quality of our programs has allowed us to place some of our students in top graduate programs in Europe and the USA, such as LSE, MIT, North Carolina or Harvard.

## **2. DESCRIPTION OF THE CURRENT SITUATION**

The overarching objectives of the department, set out in the Strategic Plan 2010-2015 are to achieve excellence in research and education, and, through excellence in research and education, have a significant contribution to society

The strategic plan highlights 3 enablers (people, finance and infrastructure) and 2 strategic themes (internationalization and fund raising) through which these overarching objectives should be achieved.

We describe briefly our achievements during the period 2010-2015, and whether these achievements are in line with the objectives set out in the document of the strategic plan.

### **2.1. EXCELLENCE IN RESEARCH, TEACHING AND CONTRIBUTION TO SOCIETY**

#### ***2.1.1. Excellence in research***

According to the ranking of business schools of the University of Texas at Dallas, based on publications in the top journals of the four business fields (accounting, finance, management, marketing), for the period 2010-2015, Universidad Carlos III ranks 19<sup>th</sup> in Europe, and 1<sup>st</sup> among Spanish public universities. This is well-within the objective set out in the strategic plan of being well situated among the elite of European business schools.<sup>2</sup>

It is especially noteworthy that during this period, the faculty members in the four areas of the department (accounting, finance, management and marketing) published in the top journals (A+) in each discipline. This is the first time that we succeed in publishing in the top journals in all disciplines. This is also especially noteworthy in the Marketing area, where our faculty members published for the first time in top journals, and where this has led to an impressive jump in research rankings. According to the UT Dallas ranking, and if we consider the last 2 complete years (2013-2014), Carlos III appears 7<sup>th</sup> in Europe in the ranking of business schools if we only consider marketing journals. It is also noteworthy the achievements in accounting, where for the first time our faculty members published in Journal of Accounting and Economics. The impact of such a publication ranking-wise in accounting is very significant. While the publication is still forthcoming and not included in the UT ranking yet, if we considered the publication in the accounting ranking of 2014, it would situate Carlos III as 5<sup>th</sup> in Europe. Regarding the publications in finance, publications in A+ journals doubled those in the

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<sup>2</sup> The rankings can be retrieved at <http://jindal.utdallas.edu/the-utd-top-100-business-school-research-rankings/>. To build the ranking, we use only the journals that the department classifies as A+, that is, Journal of Accounting and Economics, Journal of Accounting Research, The Accounting Review, Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Consumer Research, Journal of Marketing, Journal of Marketing Research, Marketing Science, Management Science, Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Organization Science and Strategic Management Journal.

prior 6 year period (from one to two), and the publication trend in management was also excellent, from 7 in the prior 6 year period (2004-2009) to 10 in this period (2010-2015). The output in management situates Carlos III as 12<sup>th</sup> in the ranking, considering only management journals.

Given all of the above, the evolution of the research outcome is extremely satisfactory in the period covered by the prior strategic plan.

### ***2.1.2. Excellence in education***

The excellent research results are mirrored by the recognition that our teaching has received at different levels during this period. In particular, our two leading undergraduate programmes, “Business Administration (ADE)” and “Finance and Accounting” rank consistently first in the Spanish rankings. Regarding our masters programmes, we launched three new master programmes (Master in Finance, Master in Management and Master in Marketing), fully taught in English, which are now completely consolidated and with a very large percentage of international students. This public recognition of the quality of our teaching identifies educational excellence as a significant externality of research excellence.

Regarding undergraduate programmes, as a university unit, the department provides high quality teaching to thousands of students who have graduated since 1990. The excellent reputation of our faculty, an innovative curriculum, and offering English as a working language has attracted first rate students to our programs.

During this period, we have reached the following achievements:

1) The two main degrees offered by the Department, the degree in Business Administration and the degree in Finance and Accounting, are ranked consistently first in Spain in the most widely used ranking for Spanish degrees, which is compiled and published annually by the newspaper El Mundo.

2) Consistent with our degrees being regarded as the best in the country, the % of students from outside the Autonomous Community of Madrid has been stable in Business Administration at more than a 30%, while it has been also relatively stable at slightly less than a 30% in the degree in Finance and Accounting. Regarding the double degrees, the % of students from outside Madrid are above 50% in most of the academic years. These percentages of students from outside the autonomous community are remarkable, given that in Spain mobility of students across autonomous communities is almost non-existent.

3) The entry marks for our degrees are the most stringent among the universities in Madrid. The data countrywide is not available, but we can safely assume that the entry marks are also the highest at the country level. In particular, for the last academic course, 2015-2016, the minimum required entry marks (over 14) are as follows:

Business Administration & International Studies	12.8
Business Administration and Law	11.8
Business Administration	10.2
Finance & Accounting	8.6

4) It is also noteworthy that we have contributed to a new undergraduate programme launched by the university, "Business Administration and International Relations". This programme was taught for the first time in the course 2015-2016, and has become one of our most successful programmes (number of applications-wise, and with one of the most stringent entry marks).

Regarding our post-graduate programmes, we have reached a number of significant achievements:

- 1) The MBA was re-accredited by the Association of MBAs (AMBA), with a 5 year accreditation.
- 2) The master in business administration and quantitative methods, which is our research oriented PhD programme, has been able to place our PhD students as assistant professors in the best universities worldwide, including University of Wisconsin Madison (US), Clarkson University (US), University of Melbourne (Australia), Durham University (UK), Lancaster University (UK), Bristol University (UK), Erasmus University Rotterdam (The Netherlands), Solbridge University (South Korea), Aalto University (Finland), University of Antwerp (Belgium), Universidade Nova de Lisboa (Portugal), also at Spanish Universities like Universidad Autónoma de Barcelona, Universitat Pompeu Fabra, Universidad de Navarra, CUNEF Business school or Instituto de Empresa Business School. We have also placed students as research associates or with other types of positions (for example, at the Central Bank of Brazil).
- 3) The masters in finance, management and marketing are now fully developed. They are taught 100% in English and with a large percentage of international students (as described in the section on internationalization).
- 4) The master in actuarial science, taught in Spanish and whose graduates are recognized in Spain as registered actuaries, is increasing the number of applications significantly.
- 5) We launched a number of online-masters.
- 6) In the Eduniversal rankings of master programmes of 2015, the MBA ranks 28<sup>th</sup> in Europe, the master in finance 23<sup>rd</sup>, the master in management 24<sup>th</sup>, the master in marketing 18<sup>th</sup>, and the master in actuarial sciences 16<sup>th</sup>.
- 7) The University undertakes every two years a study on the recruitment of their post-graduate students. The last study was done for the students that graduated in the two courses 2012-2013 and 2013-2014. This study shows that 83% of the students were hired within one year of graduation, that the students argue that they received high or very high quality teaching (52%) and the 86% of the students argue that they would study the same master programme. In certain programs, like the master in marketing, the 100% of the students of the courses 2012-13, 2013-14, and 2014-15 are currently employed.

Finally, both at the undergraduate and at the graduate level, we have implemented a number of additional quality control measures in our courses, including coordination meetings for all courses, with all the faculty teaching in them, to better plan the organization of the course, and also to ex-post assess the course and implement corrective measures if needed.

## **2.2. ENABLERS AND STRATEGIC THEMES**



Regarding the channels through which we have been able to achieve excellence (enablers: people, financing, infrastructures; and strategic themes: internationalization and fund raising), we next describe the actions taken and the achievements in each of these channels.

### 2.2.1. *People*

A) Recruitment at the junior level (assistant professors in tenure track).

In the 2010-2015 period we have implemented a series of specific actions to attract international talent. We describe these actions below. These actions have been extremely successful, and we have been able to hire assistant professors graduated from some of the most prestigious schools in the world. The new faculty members that have joined the department in this period are as follows:

Year	Faculty member	University of graduation (PhD)	Grad.country	Nationality
2015	Cho, Hyungjin	Seoul National University	South Korea	Korean
2015	Simeth, Markus	Ecole Pol. Fédérale Lausanne	Switzerland	German
2014	Kavadis, Nikolaos	HEC Paris	France	Greek
2013	Melnyck, Vladimir	Wageningen University	The Netherlands	Ukrainian
2013	De Vries, Eline	University of Groningen	The Netherlands	Dutch
2012	Vicente, Sergio	New York University	US	Spanish
2012	Bellón, Carlos	University of Pennsylvania	US	Spanish
2012	Ekinci, Emre	Cornell University	US	Turkish
2012	Ali, Ayfer	Harvard University	US	Bulgarian
2012	Castelló, Itz'iar	ESADE	Spain	Spanish
2011	Aledo, Juana	Universidad Complutense	Spain	Spanish
2011	López, Mónica	Universidad Autónoma de Barcelona	Spain	Spanish
2011	Toldrá, Anna	Université de Toulouse	France	Spanish
2010	Desender, Kurt	Universidad Autónoma de Barcelona	Spain	Belgian
2010	Guo, Bing	Universidad Autónoma de Barcelona	Spain	Chinese
2010	Barroso, Alicia	CEMFI	Spain	Spanish

From the table above we can see a clear trend, moving from hiring mainly from Spanish institutions, to hiring only from non-Spanish institutions. It is noteworthy that we have been able to hire from the most competitive US schools. Overall 9 out of the 16 hires are foreigners (non-Spanish), and 10 come from non-Spanish institutions.

The actions that we have implemented to attract international talent can be grouped into two strategic areas:

i) The design of a tenure track system to attract top talent and promote high quality research. During this period, we have introduced the following changes:

i1. Teaching load. The department has generally lowered the teaching load of Assistant Professors on tenure track from 126 hours (21 x 6 = 6 modules of 21 hours, where 21 hours correspond to 14 sessions of 1.5 hours each week) to 84 hours (21 x 4). This teaching load is comparable to or more attractive for candidates than the one offered by competing institutions, especially taking into account that teaching is at the undergraduate level, and that, generally, Assistant Professors can teach more than one section of the same course.

i2. Possibility to concentrate teaching in one semester. We have tried to offer Assistant Professors the possibility of concentrating all teaching in one semester. In that way, Assistant Professors can concentrate fully on research during at least one semester. Moreover, this facilitates traveling for Assistant Professors.

i3. Master programs. The growth of our professional Master programs has opened the possibility to complement the salary of assistant professors.

i4. Pay for performance. For each publication, we increase the salary by 5000 euros.

i5. Transparent tenure requirements, which rely mainly on the publication record.

i6. Opportunities to teach in the PhD programme and to engage in the supervision (joint supervisions with senior faculty members) of PhD students.

ii) Active presence in the main organized international job markets.

Although the department had already participated in some organized job markets in the past (mainly, the Annual Meeting of the Spanish Economic Association), since 2011, we have greatly expanded our presence in international organized job markets. Thus, we have formally participated and conducted job interviews in: the Academy of Management Annual Meetings (Orlando, Florida, 2013; Philadelphia, 2014); the Accounting PhD Rookie Recruiting & Research Camp (Miami, 2014), the European Accounting Association accounting job market camp (Madrid, 2015); European Marketing Academy Annual Conference (Lisboa, 2012); Annual Meetings of the Spanish Economics Association (Málaga, 2011; Vigo, 2012; Santander, 2013). Together with the department's increased presence in organized job markets, we have also increased the visibility of our job advertisements in online job market platforms.

B) Recruitment at the senior level (associate or full professors).

During the six year period of the strategic plan (2010-2015) we have hired a full professor in finance and an associate professor in accounting. Both have contributed tremendously to increase the international visibility of the department and to improve in the international rankings.

In particular, regarding the full professorship in finance, we hired José Marín. José holds a PhD from the University of Pennsylvania, and was previously a full professor at Universitat Pompeu Fabra and at the research institute IMDEA. He has published in the top journals of finance, including the Journal of Finance and the Journal of Financial Economics.

Regarding the associate professorship in accounting, we hired Beatriz García Osma, who holds a PhD from Lancaster University, and has published in the top accounting journals, including the Journal of Accounting and Economics. She is also an associate editor at European

Accounting Review, one of the European journals of reference in the field. She will contribute to raise significantly the profile of the accounting group of our department.

### **2.2.2. *Financing***

Our achievements in the period:

- We have been able to maintain the number of projects from the National Research Plan (Ministry of Economy and Innovation). This is especially noteworthy, as with the financial crisis the number of projects that receive financing has decreased substantially.
- We have been very successful in financing the contracts of our new assistant professors through Juan de la Cierva grants. These grants are financed by the Spanish Ministry of Economics and Competition.
- We have been also very successful in obtaining financing from Spanish institutions, including the Fundación Ramón Areces, Banco de Santander, and Banco de España.
- Applied for the first time to Maria de Maeztu programme, and we obtained very good feedback. This is a national Spanish research programme, very competitive. Only qualifying to apply is a success, and it is extremely difficult to obtain financing the first time you apply. Given that we received very positive feedback in the evaluation, this is a very good step towards obtaining financing and recognition as a Maria de Maeztu research unit over the coming years.
- In the process of obtaining AACSB accreditation, which will increase the funds provided by the university.

### **2.2.3. *Infrastructures***

There are two main research infrastructures supporting the Business-UC3M research program:

1) The set of databases that are critical to conduct our research. The description of the databases can be found at [http://portal.uc3m.es/portal/page/portal/dpto\\_economia\\_empresa/home/research/databases](http://portal.uc3m.es/portal/page/portal/dpto_economia_empresa/home/research/databases).

2) The INDEM Institute (<http://portal.uc3m.es/portal/page/portal/indem/home/welcome>).

Regarding 1), the research databases:

Our research is mostly empirical and requires extensive use of databases. The Department maintains the following databases: AMADEUS, BANKSCOPE, CMA Datavision, COMPUSTAT, GLOBAL VANTAGE, CRSP, CRSP MUTUAL FUNDS, DATASTREAM, DealScan, directEDGAR, ExecuComp, I/B/E/S, KLD, OSIRIS, SDC Platinum. The overall cost to maintain such databases is 125.000 euros/year, and it is financed entirely by the Department.

Even with an adverse economic environment, with severe budgetary cuts from the research funds received by the department from the university, and with important cuts in the funds that come from competitive from the Spanish central government, we have been able to

maintain the vast majority of the databases through the research funds obtained in a good number of competitive calls (public and private ones).

Regarding 2) the research institute:

The INDEM give us the required flexibility to reward faculty members for publications in outstanding journals. This is implemented through an annual call launched by INDEM to reward those publications in top journals as recognized in the list [http://portal.uc3m.es/portal/page/portal/dpto\\_economia\\_empresa/home/research/list\\_journals](http://portal.uc3m.es/portal/page/portal/dpto_economia_empresa/home/research/list_journals).

Also, the INDEM provides administrative assistance to researchers, helping them manage their research grants (prepare applications and reports, and dealing with the often burdensome bureaucracy associated with competitive grants), organizing workshops and other scientific events, coordinating their research activities with other researchers or centers, etc. In addition, the INDEM also organizes the Summer School. The Institute staff includes an administrative manager, and two administrative assistants. Also, members of the Business-UC3M have access to the Laboratory of Experimental Economics, which is run by the Institute of Economy. The experiments carried out in the Laboratory allow researchers to control aspects of the environment in a way that would be impossible in real life situations.

#### ***2.2.4. Internationalization***

International faculty, high profile visiting scholars, international co-authorships

The faculty at the Department of Business Administration has been recruited internationally from top US and European schools (See our prior description of the hiring process and the new assistant professors in Section B.1). This makes the flow of co-authorships and international links of the department flow very easily. The faculty at the Department of Business Administration hold PhD degrees from institutions like MIT, University of Pennsylvania, Harvard University, Cornell University, New York University, Stanford University, UCLA, London School of Economics, etc... We have also been able to establish long term commitments with several leading professors, for visiting appointments. The most prominent and long term of these relationships is in the area of management, with Luis Gomez Mejia, from Notre Dame University, who has been visiting the department yearly, supervising PhD thesis, and, more generally, helping in the development and growth of faculty members. Similar visiting scholars over the last few years include, in finance, Michael Brennan (UCLA) and Andrés Almazán (University of Texas), and in organizational behavior, Verlin Hinz (North Dakota State University). The fact that these renowned professors agree to visit the department as visiting faculty members is also a signal of the quality of the department and the leadership in the European playing field in the discipline.

All of these linkages with top universities has led to a wealth of joint projects that finally ended up in high quality publications. Co-authorships, in the last 5 years, include collaborations with the University of Notre Dame, Connecticut, Boston College, UCLA, which gives an idea of the international orientation of the Business-UC3M.

Regarding teaching, the undergraduate programmes in Spanish public universities are not open to foreign students, and, therefore, the vast majority of undergraduate students are Spanish nationals. However, we have a large number of exchange agreements with European

(through the Erasmus programme) and non-European universities for the undergraduate students.

In particular, we have specific agreements for the business-related degrees with 125 universities from 22 different countries. There are around 400 open slots for exchange students (incoming-outgoing), from the business-related degrees, with a very active stream of students coming and going to/from the UK, the Netherlands, Italy, France, Germany and Austria. We have also started a dual degree with Aarhus University, in Denmark.

Regarding non-European agreements, these are signed at the university level (so, there are not area specific agreement as with Erasmus students). We have agreements with 129 universities, from 24 different countries, and 500 slots open for students (university-wide, not only business-students). The most active agreements are with the US (with very prestigious institutions, including the University of California, the City University of New York, University of Southern California, Purdue University, University of Maryland,...), Australia, Brazil and Canada. It is noteworthy that some of these foreign agreements are signed directly with the business schools of each university. This is the case for example of the City University of New York, where the agreement with the Baruch School of Business is part of a wider and more ambitious agreement with the department that we plan to expand in the future. We have also signed an agreement for a double degree with Clemson University (US).

In the master programmes, we have been able to attract a good number of foreign students, which clearly highlight that our programmes are highly values as well by international students.

Table X: % of foreign students in master programmes

	2011-12	2012-13	2013-2014	2014-2015	2015-2016
MBA&QM	85	78	58	64	78
Finance	65	50	35	53	50
Management	84	71	66	81	81
Marketing	N/A	47	54	61	73
MBA	97	100	96	91	85
Actuarial Science					

Given the numbers above, it is not surprising that also a large percentage of the students end up working in a foreign country (for example, 56% of the students for the master in marketing, in the course 2014-2015).

### 2.2.5. *Fund raising*

See Section 2.2.2. above

### **3. MAIN OBJECTIVES: EXCELLENCE IN RESEARCH AND EDUCATION**

#### **3.1. Excellence in research**

As described in the prior section, the department ranks 19<sup>th</sup> overall (for the 4 areas) in the ranking of business departments elaborated by the University of Texas, for the period 2010-2015.

Our main objective for the coming period 2015-2020 is to maintain a position that ranges between the number 15-20 in Europe. The ranking is elaborated according to publications in the top journals in the discipline, and, therefore, our objective is to increase the number of publications in top journals in each of the four disciplines in the department.

This is an ambitious benchmark, because even if in the prior period we have witnessed also an increase in the number of publications in top journals by our faculty members, it is also true that this increasing trend is not uncommon in Europe. That is, competition is increasing, and we have to keep up with the institutions that are also increasing the quality of their research outputs.

It is important to highlight that second tier journals are not considered in the UT Dallas ranking. Therefore, our main objective is to pursue publications in the following journals:

Journal of Accounting and Economics, Journal of Accounting Research, The Accounting Review, Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Consumer Research, Journal of Marketing, Journal of Marketing Research, Marketing Science, Management Science, Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Organization Science and Strategic Management Journal

##### ***3.1.1. Excellence in research: People***

To ensure that we increase the number of publications in these journals we need to:

- A) Hire at the junior level those candidates with a clear potential (even already with revise and resubmits) in these journals.
- B) Retain our current faculty members that are publishing in these journals.

One important problem that we suffer to achieve A and B is that our salaries are significantly lower than those paid in Spanish business schools, in a good number of European universities that are our main competitors, and, obviously, in the US. Even with this lower salary, we should undertake a number of actions to achieve A and B.

### **A) Hiring new faculty with top research potential.**

The academic job market is very competitive. To be able to hire strong candidates we need to be able to:

- Be known in the academic community. This mainly means being able to publish good papers and retaining faculty that is well-known in the profession (which is also a big challenge).
- Reach to candidates. We should maintain the policy of being present in the international job markets in the next four years and evaluate the returns of the policy (since it is quite costly) at the end of the 2016-2020 period.
- Offer candidates competitive packages. We should hire only those candidates good enough to be serious candidates for a Juan de la Cierva grant (or an ERC or Ramon y Cajal grant down the line) and offer them a salary that incorporates the expected revenue coming from such grants. It is a matter of doing the numbers, but candidates that are likely to earn these grants may be cheaper for the department in the medium run even if we offer them a package (say for the initial 2-3 years) with an initial salary greater than what we offer now.
- Offer candidates a supportive research environment. This means (at least) good teaching deal (we already do this, as described in the prior section on current situation); a good seminar program; better research funds; and proper infrastructure (including standard access to databases through WRDS).
- Monetary awards for publications in top journals: We will maintain the current scheme of monetary awards (paid through the “instituto”) to publications in top journals.
- It is important to stress, though, that offering very good teaching deals and increased salaries is very costly for the department and that we have little support from the university to do this. Therefore, we should actively seek the support from the university, and, in any case, the policies that we implement should not jeopardize the financial stability of the department.

### **B) Retaining “senior” faculty with a strong research record**

One of our greatest challenges may be to retain tenured faculty (or Assistant Professors in the last years of their tenure track) with a strong publication record (see below what I mean but strong publication record). To achieve this goal, a necessary condition is to ensure that faculty members with a strong publication record are paid sufficiently relative to the potential offers that they may receive.

To be able to pay them sufficiently, we will have to tap different sources of funding:

- *Academic Board of the Master Programs (or alternative formula).* We propose creating a common academic committee for all our master programs. The role of this committee would be to advise and monitor the executive directors of the master programs, but committee members would have no administrative duties or be involved in day-to-day activities. Committee members would be selected exclusively from faculty members with a strong publication record. This would also allow us to reward Professors with strong publication record, and at the same time, the master programmes would benefit from the input from these highly reputed academics.

- *Hourly pay in master programs.* Establish a higher hourly rate for faculty with a strong publication record. This could also be applied to junior faculty members that either meet the criteria or are in the right path to meeting the criteria.
- *Endowed chairs.* Of course, the department should continue to lobby for medium or long-term chairs for tenured Professors.
- *Research grants.* Some research grants allow for money to be devoted to complement the salary of key researchers or to pay for reduced teaching to devote more time to research. We should exploit this possibility.
- *Monetary awards to top publications:* We will maintain the current scheme of monetary awards (paid through the “instituto”) to publications in top journals.

We should note that an additional benefit of the policy of paying more to faculty with a strong publication record is to provide incentives to publish in top journals. We think of this policy mainly as a way to meet the participation constraint of faculty with potentially attractive outside options, but it will probably also have this additional incentive effect.

*Strong research record.* We propose a simple metric for “strong publication record”: having published N articles in top journals in the last T (T between 3 and 5) years. N could be the same for all areas (e.g. N=1 for all) or be adjusted by publication frequency in target institutions (with N being adjusted every 5 years).<sup>3</sup> In any case, we should keep in mind that the goal is to retain faculty with potentially attractive academic outside options.

In this sense, it is important to stress that we have been losing important faculty members over the last five years (Andrea Fosfuri and Marco Giarratana to Bocconi, Jordi Surroca to Groningen, Manuel Fernández Bagüés to Aalto). So we should take the threat of losing our key human assets very seriously.

### **C) Promotion processes**

Given that our objective is to publish in the previously identified top journals, it is important that we design our promotion processes to ensure that they are based almost exclusively in publications in these journals. While publishing in these journals has not been common in Europe especially in some disciplines (accounting, marketing, also finance to some extent), for promotions to associate professorships, some upper level second tier journals could also be considered, depending on the particular staffing needs of the department at the time of the promotion decision. However, the promotion decisions to full professorships should be based (research-wise) on publications in these journals.

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<sup>3</sup> For example, if in field A, target institutions publish X top publications (total or per person) per 5-year period, and in field B they publish Y, and  $X \gg Y$ , then N should be greater for field A. I understand that correctly measuring X and Y may be difficult and it may be simpler to implement a homogeneous rule (such as N=1 for all areas), but we should keep in mind that we may have to adjust N over time and across areas on the basis of objective, ex ante criteria. Such criteria should not be our past ability to reach those targets, but the ability of the target institutions to publish in different areas.



## **D) Benchmarking with competitors**

To achieve the strategic objectives, a good starting point may be to rigorously learn from institutions that (with similar institutional constraints) have achieved the desired objectives.

For example, regarding strategic objective 1, several European public universities could be identified that have dramatically increased their publication count in top (3) Finance journals in the last five or ten years (Tilburg, University of Amsterdam, Erasmus, Mannheim, Frankfurt (Goethe), Warwick, EPF Lausanne, and I would add Pompeu because of being in Spain). As a prior step to formulating our strategies, I propose studying how they did it:

- Has the boost in publications come from one or two faculty members or has it been more widely distributed? From junior faculty or senior faculty? New hires or existing faculty? With coauthors from US institutions?
- Has it coincided with organizational changes? Has it been preceded or followed by large grants? By expansion of their master programs?
- Have the institutions been able to retain top researchers? Have they increased their pay significantly? What else have they done to attract or retain top researchers?
- If they pay more, where did they get the funding? How did they get around institutional constraints?
- Did the changes coincide with the appointment of a heavy-weight chair/dean? Or they did not require the involvement of such a heavy-weight figure?

While one probable answer to why they have been able to grow substantially is that the universities/governments have increased substantially their financing (the clear case, for example, of German universities), we still think this analysis would greatly help us define the actions needed to achieve the strategic objectives.

### ***3.1.2. Excellence in research: Infrastructure***

#### Access to databases

A large part of the leading research in economics, business, finance, accounting, and related disciplines, is based on the intensive analysis of data. The subscription to the data, the retrieval process, the treatment of the data so that it is ready for adequate usage in research with the proper statistical-econometric techniques has become extremely expensive. In fact, it is so expensive that the most prestigious universities (Harvard, Chicago, Berkeley, Stanford, Yale, Northwestern, UCLA, MIT, NYU, and many others) have given up the possibility of developing their own infrastructure for data accessing, gathering and treatment, and they use (through a subscription service) the infrastructure developed and maintained by the Wharton School, at the University of Pennsylvania. This infrastructure for data gathering and treatment is called WRDS (Wharton Research Data Services), and it can be accessed and used through the internet, paying an annual subscription.

Currently, we do not have the financial resources to access the data we need for our research projects through WRDS. Instead, over the last 10 years, the Department has undertaken a large effort to “replicate” what WRDS offers, contacting directly the providers of the data, and using the different interfaces that they provide, instead of using WRDS. In this fashion, the cost of the data decreases substantially. But, at the same time, this creates important costs for our faculty members and PhD students. The same data collection process in WRDS can take one hour, while if done through the interface of the provider might take several days. Also, WRDS decreases the probability of introducing errors in data matching processes, and it reduces from weeks to hours some of the data treatment issues, allowing the researchers to focus their efforts on the important research tasks. In many occasions, the referees from the top journals might feel that if not through done through WRDS, the research might be less reliable.

Therefore, our main objective regarding infrastructures is to be able to raise the necessary funds to subscribe to WRDS with the current amount of databases. If we are not able to maintain the current databases, and if we are not able to subscribe to WRDS, maintaining our current relative position in the rankings will be extremely complicated.

## 3.2. Excellence in education

The four basic objectives for the department over the period 2016-2020 are:

- 1) To successfully finish the AACSB accreditation process.
- 2) To maintain the AMBA accreditation.
- 3) To maintain the leadership position of our undergraduate programmes in the main ranking for Spanish universities (published by the newspaper El Mundo).
- 4) To raise the international visibility of our master degrees.

Regarding 1 and 2, we are committed to devote the necessary resources to successfully carry out all the tasks related to the accreditation processes. In particular, we will continue to implement a series of measures (for example, a reduced teaching load for faculty members who lead or who are especially involved in the accreditation processes) to ensure that the proper effort is taken in the accreditation processes.

Regarding our undergraduate programmes, we propose to implement the following actions to maintain our leadership position in Spain and to improve the quality of the different programmes:

- a) Schemes to incentivize high quality teaching:

To foster teaching quality in the Department, the University and the Department work together in two lines of action. On the one hand, The University and the Department have established additional payments linked to teaching performance. Both types of actions are in line with the objective of incentivizing teaching efforts and rewarding teaching quality. Apart from the monetary award, we believe it is important that the department makes also a public acknowledgement to faculty members with outstanding teaching performance. At the University level, the University also rewards the best performing (teaching-wise) faculty members, with awards up to 5,000€ per faculty member, to those faculty members in the 5% with better teaching assessments. The University takes into account not only the teaching surveys, but also other indicators (for example, the introduction of teaching innovations). Our objective is that we continue to carry out an annual call of awards for the best teaching scores in the department. To the extent that the financing constraints allow it, the awards will come together with a small payment, and, more importantly, the department will make sure that the recipients of the award are sufficiently recognized through the departmental website and social networks.

- b) Schemes to incentivize the preparation of high quality teaching materials:

The University organizes several activities to improve teaching. These activities include an annual call for teaching innovation projects (the last call was particularly oriented towards the development of MOOCs, Massive Open Online Courses), and courses that cover different aspects of teaching. We will explore ways to incentivize our faculty members to participate in these calls.

c) Erasmus programme and other international mobility programmes for students:

c.i) As described in the section on the current situation of the department, the programmes led by the department count with a really large number of partnerships with European and non-European institutions for the exchange of students. Our aim should be, at this stage, to try to be selective and create additional partnerships only with high quality institutions. Also, we should critically evaluate the existing partnerships to ensure a high level of quality. We commit to spend the proper resources to work together with the international office to ensure high quality in all international exchanges.

c.ii) Also, we should keep our current involvement in the mentorship of the students that go abroad (to help them in selecting the proper courses, etc...), and in the mentoring on the students that visit our department.

d) Agreements for international dual degrees:

Our intention is to continue to explore the possibilities of, within the the very rigid Spanish university system, offering dual degrees with high quality international institutions. We will continue working together with the Baruch College, at the City University of New York, to be able to offer a dual degree.

e) Attraction of the best students:

e.i) The University and the Department are aware that an important ingredient that contributes to enhance the learning process for all students is that the average student is also excellent. That is, we not only need excellent faculty members and programs, we also need excellent students. Given this, the University carries out a series of activities, jointly with the Department, to attract the best students. The activities to attract the best under-graduate students include visits to high schools in Madrid, participation in education fairs, and a continuous improvement of the visibility of the University/Department trough the official website, which includes very detailed information about all the programs.

e.ii) In addition to the current set of actions to attract the best students, we should keep exploring additional lines of action to attract the best students to our undergraduate programmes, with the objective of increasing the number of students from outside the Autonomous Community of Madrid, and also from abroad. Contacting the best secondary schools from the different Spanish regions is something that we should seriously consider to identify the best students so that they are aware of the distinctive characteristics of our programmes. This is something that, through the university, has been done often within the Autonomous Community of Madrid, but that we should definitely negotiate with the university so that the programme is widen to include the rest of the country.

e.ii) We should also explore the possibility of attracting non-EU high quality students, who would enrich the cultural diversity of the university and that, at the same time, would increase the financing.

Regarding our master programmes, we propose to implement the following additional actions that we expect will contribute to increase the quality of the programmes:

- 1) Creation of an “Academic Board of the Master Programs” (or alternative formula). We propose creating a common academic committee for all our master programs. The role of this committee would be to advise and monitor the executive directors of the master programs, but committee members would have no administrative duties or be involved in day-to-day activities. Committee members would be selected exclusively from faculty members with a strong publication record. The master programmes would benefit from the input from these highly reputed academics, who will also monitor the well-functioning of all our master programmes.
- 2) Standardized reporting. We suggest requiring some standardized reporting in the reports produced for the programs’ main stakeholder (i.e., the department). For example several standardized tables with variables such as: # students of different types; revenues from different kinds of students; costs at some level of disaggregation; database canon paid; # of teachers; # of hours of teaching; hourly rates paid; disaggregated compensation of the management team; and, very importantly, amount of money that the university and the department have received from the master program. Providing some additional structure to the report could be good, but we think these tables are essential.
- 3) We should continue the possibility of developing the business school of the university. We should investigate this possibility seriously (especially if we see that target institutions have grown thanks to one / have been able to create one). In the absence of a business school, we could lobby strongly for changes in the organizational structure / routines of the existing Graduate School, which could benefit our master programmes. Finally, we could study if we would have greater flexibility if the master programs were integrated in the “instituto” INDEM.
- 4) We should explore seriously whether it would be adequate to enlarge the number of students enrolled in each master. This would increase substantially the economic returns of the programmes for the department.
- 5) Currently, all the teaching in the master programmes (except for the master in actuarial sciences and the master in business administration and quantitative methods) is paid on the side and does not count for the official teaching load of faculty members. We should explore the possibility of allowing faculty members to teach in all masters within their workload. This would allow the masters to increase the number of permanent professors teaching in the programme, and at the same time will have a positive effect in the income generated by the masters, which can then be accrued to the department.

### **3.3. Enablers: People, infrastructure and financing**

Given that we already described in the prior Section 3 our objectives regarding people and infrastructure, in the current section we will just describe very briefly again the objectives regarding those two pillars, and we will focus mostly on the actions that we propose to undertake on increase the flow of funds to the department.

#### ***3.3.1. People***

As previously discussed in Section 3.1.1, to achieve our objectives we should be able to hire new faculty members that will be able to publish in the top journals for each discipline, and we should be able to retain our current faculty members that have been very successful publishing-wise, and that, therefore, have increasing outside options. As the actions to achieve those two objectives are described in detail in Section 3.1.1., we will not repeat them here. However, it has to be emphasized that, to achieve those two objectives that department needs the funds to offer competitive packages (salary-wise and with other conditions).

#### ***3.3.2. Infrastructure***

Also as described in Section 3.1.2., we should work to obtain the necessary funds to ensure that we can access the databases that are key to a large part of the research work of the department, and through the appropriate means (through WRDS).

An additional issue that we have not discusses previously is that we should also negotiate with the university to obtain additional administrative support, with additional administrative staff that should be proficient in English. While we are satisfied with the individual performance of our current administrative staff, for the proper functioning of a department of our size, with around 170 faculty members including part-time adjunct professors, we need more administrative support. Currently, our admin team is made of 5 members, only one of them being actually fluent in English. We need to pressure the university to obtain more admin support and with staff that is fluent in English.

#### ***3.3.3. Financing / Fund raising***

While our ability to hire and retain the faculty members that will help the department to achieve its objectives is clearly linked to the availability of enough funds to offer competitive packages, our ability to increase grant money is clearly tightly related with our ability to meet challenges 1 and 2 (hire and retain) and causality goes both ways. We can only substantially increase grant money only if we publish more in the top journals, so clearly the main way to improve our chances of getting such money is to hire and retain top researchers and ensure that our faculty has the means, the time and the incentive to try to publish in top and A journals. Absent that, there is little we can do.

Therefore, the success of the department will be linked to the increase of our ability to raise grant money.

Our main objectives for the 2015-2020 period related to fund raising are as follows:

- 1) Actively pursue that the department is recognized as a Maria de Maeztu (or similar future programme) unit. We participated for the first time in the call of 2015, we received extremely positive feedback from the referees.
- 2) We should actively seek funds from European Union programmes. This should be the main objective, fund-raising wise, in the long term, for the department.

To achieve those two objectives, and to be able to raise funds also through other smaller programmes, we plan to implement the following schemes:

A) *Grant unit.* We can greatly increase our chances if we take increasing grant money as a top-priority strategic action. We have recruited recently a person that takes such responsibility and a second person is about to join this unit. The tasks of this unit will be:

B)

- Be aware of **all** relevant calls: public and private, Spanish and European.
- Prepare a calendar of calls so that the right candidates can prepare applications well in advance.
- Selection o candidates for grants. Of course, each faculty member can apply to any grant he or she wishes, but the unit should ensure that the candidates with the highest chance of getting grant apply for the grant. “Ensuring” means letting the candidate know, pushing the candidate if pushing is needed, and advise applicants to maximize the probability of success.
- Advise the applicants. The unit should keep older applications; research lists of grantees to see which profiles were successful in previous calls; prepare and provide candidates with application templates; and revise applications.
- Build and help build a network of contacts with other institutions (including non-academic institutions) for the purpose of applying for grants that require several institutions.
- Communicate with OTRI. The unit should use OTRI as much as possible, but I think that candidates should not have to worry about dealing with OTRI. That should be done by the unit.
- Manage most of the paper work having to do with the management of grants.

The Grant Unit should have a person in charge, and possibly one additional faculty member per research area (other than the one of the person in charge). Further, it **should** have the full-time administrative support of at least one “gestor de proyectos” (who helps both with the administrative tasks having to do with current grants and with the grant search and application); and an intern, if possible. Part-time administrative support from the secretaries will likely be necessary.

The amount of money from grants may be potentially much larger than the one from the master programs, so we should take this unit very seriously. This entails, at least:

- Setting clear goals
- Reporting to the department council.
- Consider a teaching reduction for the person in charge if the work load is clearly greater than a “usual” administrative task.

- C) We should consider providing additional incentives to the faculty members that lead the applications for the Maria de Maeztu (or equivalent) or European Union programmes.

In the past, we have been very successful in obtaining funds from several programmes from private and public institutions. We have to make sure that faculty members keep participating in these calls, which include:

-Juan de la Cierva and Ramón y Cajal programmes, to finance the salaries of assistant professors.

-Grants from the Fundación Ramón Areces.

-Grants from BBVA and Banco de Santander.

-Research projects from the Spanish Ministry of Economics and Innovation.

-Research projects from the Autonomous Community of Madrid.