



ESTONIAN BUSINESS
SCHOOL

ANNUAL REPORT

OF RESEARCH ACTIVITIES IN 2002

TALLINN
2003

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Introduction

This report presents the research in management science and related areas carried out at Estonian Business School (EBS)

The most important achievements of the year 2002 were:

- The number of master students who defend their theses is increasing: 32 graduates got MBA degree in 2002.
- Two thematic volumes of *EBS Review* were prepared and issued:
No 13 - *Change and Growth, Innovation and Electronics*,
No 14 - *Finance, Accounting and Economics*

In 2002 EBS made preparations for EFMD (European Foundation for Management Development) quality audit. Compiling a Self-Assessment Report we wrote:

According to the Law on Universities of the Republic of Estonia, **university is an institution of learning, culture, and research where a student may acquire an academic higher education**. Consequently, there is no university without research. On the other hand, the reputation of a university attracts students as well as the highly qualified teaching staff who evaluates academic freedom.

EBS is committed to research as a foundation of quality in education and consulting. Active research keeps teaching staff in a good academic shape and enables them to update the teaching material according to the changes in the world science. Consulting uses the knowledge of the scientists and feeds research programmes with problems and cases that need solving or analysis.

International recognition and prestige of an university is tightly correlated with the number of research papers written by the staff of it and published in recognised international journals. Participation in international conferences and presenting scientific papers adds expertise to participating faculty members and publicity to EBS.

On September 24-26 an EQUIS (European Quality Improvement System) Peer Review Team visited EBS. The Team concluded that such a policy is right, but we have still a long way to go to reach the international level.

Organisationally, two events are worth mentioning.

On 18 March 2002 The Ministry of Education of the Republic of Estonia gave licences to the curricula of doctoral studies in three areas of specialisation: Business Administration, Public Administration and IT Management.

On 14 November 2002 The Ministry of Education of the Republic of Estonia confirmed that economy and business administration research at Estonian Business School is positively evaluated.

Sirje Keevallik
Editor
Learned Secretary of EBS

RESEARCH ACTIVITIES AT THE CHAIRS OF EBS

CHAIR OF MANAGEMENT

Strategic human resource management (Tõnu Kaarelson)

Throughout the last decade personnel management has received ever-growing attention in Estonian organisations. It seems to be an area where competent action creates competitive advantages for a business and enhances the efficiency of a public organisation.

Human resource management as a novel approach to personnel management principally involves strategic integration of relevant issues to company goals and acknowledgement of people as a resource that needs to be invested in. Consequently, human resource management in organisations is gaining in strategic role that ties it to overall aims of the company.

The results of the quantitative study, conducted in Estonian business and public sector organisations show us personnel management situation today. The aim of this study was to analyse, find out peculiarities of Estonian organisations and compare business and public organisations. The study investigates factors that point at the strategic importance of personnel management and tries to pinpoint whether and when they manifest themselves in Estonian organisations.

The main conclusion from the study was the fact that strategic orientation of personnel management in Estonian business and public organisations is regrettably low. As a rule, personnel managers are not members of the board. Their involvement in ongoing strategic process is rare and written personnel strategies exist in no more than approximately every third organisation. When compared, public sector is worse off than the business sector. Proceeding from the three aspects, personnel management in Estonian companies is loosely integrated into implementation of strategic goals.

The driving force for personnel management in the business sector has been the existing competition and increase in acknowledgement of intellectual values in company resources. Most Estonian companies recognise people as a major asset that secures competition advantage in intellectual capitalism. This fact is unfortunately often stated on paper only.

Based on above conclusions, some suggestions have been made to improve the situation in personnel management. Chief executive officers have to be well informed of the opportunities and outlooks in human resource management, personnel managers have to be carefully selected and educated. Managers should be involved in personnel strategy and policies development process. The personnel manager should be involved in the top management as a strategically important partner.

Influence of organizational culture on employee attitudes toward changes and organizational learning in Estonian companies (Ruth Alas)

The concern in turbulent environment is, how organizational culture influences employees' attitudes toward organizational change and organizational learning in those groups with differing socio-demographic backgrounds. Research and theory development undertaken regarding the social aspects of organizational change in transforming countries with rapidly changing environments is quite limited. As problems concerning groups with different experience and attitudes are common to several countries this research is important not only for Estonia, but also for other countries facing a similar situation.

Author devised questionnaires for evaluating organizational learning and employees' attitudes toward changes. To assess orientations of organizational culture questionnaire worked out by Maaja Vadi from Tartu University on bases of data from Estonian organizations was used.

Project included following surveys: (1) 906 employees from Estonian companies were studied in order to explore how task orientation and relationship orientation of organizational culture influence employees' attitudes to the organizational change process in the context of various socio demographic characteristics. Two questionnaires were filled by respondents. (2) Research was conducted in 6 hospitals with 321 respondents in Tallinn to explore knowledge how organizational culture might be influencing organizational learning in Estonian organizations during the merger process in different socio demographic groups. These hospitals were merged as part of a project designed by Swedish consultants. Such a large-scale change provides an interesting case for studying. Two questionnaires were filled by respondents.

Conclusions: (1) Both individual and collective learning of managers could be predicted by relationship orientation of organizational culture only.

Individual learning of specialists could be predicted by task orientation of organizational culture only. At the same time collective learning of specialists depend on both orientations of organizational culture: on task orientation and on relationship orientation as well. (2) Organizational learning of people with tenure 5 years and less in particular organization is influenced by task orientation of organizational culture only. Relationship orientation starts to influence organizational learning after 5 years work in organization. (3) Although in younger group individual learning could be predicted by task orientation of organizational culture only, collective learning of this group depends on both orientations. In older group only relationship orientation could predict both individual and collective learning. (4) People without work experience from the Soviet period assess the benefit of change by relying only on task orientation of organizational culture. Relationship orientation of organizational culture does not influence the understanding of the benefits of change also among managers, men, employees with a university degree and people who identify themselves more strongly with their profession, but influences the remaining groups. (5) Estonians' attitudes toward the benefits of change do not depend on relationship orientation of organizational culture, but the same attitude in Russians depends more on relationship orientation than task orientation. (6) The younger group doesn't make decisions about the benefits of change based on relationship orientation of organizational culture. According to length of service employees who have worked less for a particular organization are not dependent on relationship orientation of organizational culture in their decisions about the benefits of change.

Employee's attitudes in countries with different past (Ruth Alas)

People from former socialist countries are compared with those of non-socialist countries according to their attitudes toward society, trade unions, work and the organisations they work for – based on empirical data from 15 countries.

Ruth Alas conducted an international study initiated by the Denki Ringo research group (Japanese Electrical, Electronic and Information Union) in Estonian organisations. This was a survey of attitudes in the electronics industry, the third phase of which was conducted between 1999-2001 and covers 15 countries with 5914 respondents. A research partner from each country was requested to select two plants: one producing telecommunications equipment and the other electrical goods for household use. Seven of the countries researched had been under socialist rule during

their history. Estonia was the only country that had been a part of the former Soviet Union. In addition the research covered Eastern European socialist countries Poland, Czech Republic, Slovakia and Hungary, Slovenia (from former Yugoslavia) and China. People's attitudes in these countries are compared to attitudes in traditional capitalist countries like – the USA, Japan, Finland, France, Italy, Spain, South Korea and Hong-Kong. Respondents from former socialist countries formed 51% of the sample. The author organised and conducted the survey for two plants in Estonia with 536 respondents.

A standardised questionnaire with 39 items was used in every country. Questions were about the respondents' expectations of society and trade unions, about feelings toward organisations and some other areas. Job satisfaction was measured in two different ways. In the first part of questionnaire there were 15 facets of job satisfaction to evaluate on a five-point scale and later among questions about age and marital status there was a single question about general satisfaction with working life.

In order to find out how socialism has influenced people's attitudes, I compared attitudes from former socialist countries with those of non-socialist countries according to their attitudes toward trade unions, society and the organisation they work for. The comparison of two groups of countries was done by means of the ANOVA test. The factors influencing job satisfaction and organisational commitment were found by using correlation analyses and Linear Regression analyses.

Results indicate that intrinsic factors of job satisfaction in the traditional capitalist countries have a greater correlation with feelings toward the company and general job satisfaction than extrinsic factors. The opposite is true of former socialist countries. Countries with a socialist past have to deal with the satisfaction of needs at a lower level than traditional capitalist countries and this consequently influences attitudes and expectations toward society, trade unions, organisations and work.

Impact of values of top managers to their subordinates (Krista Tuulik)

Although leadership and organizational culture is one of the most recently studied topics in contemporary management studies, there is not enough research done in East-European countries, where radical changes in organizations have taken place during transition from centrally planned economy to free market economy.

What is leadership and does it differ from the management is one of the curtail points discussed by contemporary researchers. According to G.Yukl there are at least nine different definitions by different authors of leadership that reflect deep disagreement about identification of leaders and leadership processes and most leadership theories emphasize the characteristics and actions of the leader without much concern for the follower characteristics, followers were studied as the object of leader influence. The empowerment theory describes how followers view their ability to influence important events.

Theories that focus almost exclusively on either the leader or the follower are less useful than theories that offer more balanced explanation. Most theories of leader power and influence emphasize that follower perceptions and dependence on the leader are as important as leader power and influence behaviour in determine how much influence the leader actually has on followers.

The question is what do leaders do to “motivate” followers to accomplish group goals.

In 2001 Estonia joined the Cross Cultural CEO Leadership Study carried out by Robert J. House and his colleagues of GLOBE community. During the research more than 60 companies and their leaders were interviewed and close to 300 questionnaires were filled in. All the data was sent to University of Pennsylvania for further investigation related to the subject of cultural differences and leadership.

Author had following research questions: (1) Do the managers have common i.e. shared values with their subordinates; (2) Do the values of the managers (leaders) affect the way they are perceived by their subordinates; (3) Are the values of the subordinates related with the motivation of the subordinates; (4) Is the way the subordinates perceive their managers related to their motivation; (5) Are the values of the managers (leaders) and the motivation of their subordinates related; (6) Are the values of the subordinates connected to the way how they perceive their managers.

Connections that were found out were interesting, in some cases predictable as the managers and their subordinates do have a list of shared values and they do affect the organizational outcome (1). The shared values are employee relations such as employee well being, safety and working conditions ($r = 0,165$) and also both parties have interest in the employee professional growth and development ($r = 0,250$). The well being of the

community is also issue for both as there were correlations between values as contribution to the economic welfare of the nation ($r = 0,322$) and the welfare of the local community ($r = 0,210$).

The managers (leaders) are perceived by their subordinates as (2) directive information sources and communicators who are self confident visionaries. While running the research for the values of the subordinates and their motivation (3) we found out that the motivation is related with customer satisfaction, sales volume and product quality mostly and the following factors are not so strongly related.

To the question 'Is the way the subordinates perceive their managers related to their motivation' we (4) found that most related values are being a visionary and status conscious ($r = 0,612$).

An interesting thing that was proved by the research was that the values of the managers are practically not connected with the motivation of the subordinates (5). There was only one managerial value that was in positive correlation with the motivation of their subordinates and it was effect on relationships with other organizations with which you do serious business, for example suppliers, government agencies, strategic alliances ($r = 0,161$).

Ruth Alas is

Member of EURAM (European Academy of Management)

Member of Denki Ringo research group

The Chair of Management participates in the following projects:

CRANET-E: Cranfield Network European Human Resource Management.

Members from 26 European countries, from USA and Australia.

Research in public and private sector.

Coordinator: Cranfield School of Management in UK.

Cross Cultural CEO Study.

Members from 26 countries throughout the world.

Coordinator: Wharton School of Pennsylvania University in USA, Prof. Robert House.

International Research on Electronics Workers' Minds.

Members from 18 countries throughout the world.

Coordinator: Chuo University in Japan, Prof. Akihiro Ishikawa.

CHAIR OF SOCIAL SCIENCES

Ethical values in decision-making process (Jaan Ennulo)

The research is based on two major studies – the study of values (J. Ennulo) and the study of conflicts in Estonian organisations (A. Virovere) – carried out at the Estonian Business School during the last 5 years and is supposed to be viewed as a complementary research analysis to these two studies. The aim is to find to which extent the values of managers affect the process of conflict management in the Estonian organisations. We are trying to give an explanation to the characteristics and major problems of a transition society.

The quality of management is largely dependent upon the decision-making ability of a manager and also on the kinds of decisions he or she makes. There is often an ethical conflict between making money and doing what is right. A dilemma must be solved – whether to perform in the most beneficial way either to the employer or to one's own career or to the customer. An ethical dilemma is a situation where a person has to choose between different solutions, some of which may be unethical or illegal. An ethical decision is in conformity with the accepted moral norms, the laws, the developed societal opinion and future outlook.

The analyses of decision-making show that the effectiveness of decisions is based on how many alternatives can be envisioned by the person deciding, as well as how they judge those alternatives.

Our survey shows that in a very large number of cases leaders gave priority to making a fortune or making a personal career over the interests of the company as a whole. Changing the values means giving more importance to ethical values, such as honesty and reliability, the growth of ethical labour relations, lower corruption and considering the interests of the society as a whole.

Conflict as an instrument to determine the status of the organisation (Anu Virovere)

In the given research conflicts, their reasons and resolving methods are analysed. The main focus on conflicts is put on the topic - conflict as an instrument, which enables to determine the status of the organisation as a whole. Conflict is seen as a valuable tool, which helps to bring out the problems in organisation management and among its' members personal relationships.

The comparison of the last four years results is done, looking for the similarities or changes in most common reasons and resolving methods.

Conflict management as an ethical problem (Mari Kooskora)

The aim of this current research is to study the competence and behavioural patterns of Estonian managers in conflict situations in order to find out what are the decisions, which have lead into de-constructive conflicts in Estonian organisations and how the behaviour and competence of the managers/leaders of the organisations have influenced arising of these conflicts and their management. In the research attention is paid to both main sides – on the personal traits and the climate, communication and values of the organisation.

The goal of the research is:

- To study the conflicts and managers' behaviour in the conflict situation;
- To find out how managers' knowledge about conflict management and their moral competence will influence the outcome of the conflict;
- What kind of competence is needed to solve the conflicts constructively;
- How the third parties can help to change the conflict from destructive into constructive conflict.

In the research besides the analysis of conflict cases (the descriptions of real conflict situations) the behavioural interviews and questionnaires are used to study the managers' behaviour in conflict situations and find out if these behaviours can be divided into behavioural patterns.

Analysing conflicts and their resolutions from the work ethical viewpoint and the study of these conflicts from the aspect of ethical rights and obligations has showed clearly that:

- Managers underestimate the importance of ethical criteria - a good, conflict-free working environment encourages people to work with greater commitment, which in the end is profitable for the company.
- The human aspect is considered to be not significant - most conflicts end with an employee getting fired, or leaving a job without the opportunity to defend himself.
- Managers do not realise that the loss of an employee is a loss not only for the employee but also for the company.
- In conflicts where solutions are found, the employees' interests may still be violated.

Developing an understanding of behaviour patterns in a particular conflict situation is an important reconnaissance to planning how to manage conflict. Although the triggering events of conflicts are not always predictable, they often follow an identifiable pattern. These patterns of conflict can provide important clues to the underlying reasons and resolving of the conflict. Poor listening, not sharing information with others, excluding employees from decision-making process, using power and over-controlling style and poor team-working skills can be the triggering devices for conflict situations. And once the conflict has occurred it is very much up to the managers' behaviour, skills, knowledge and experience what will be the consequences of particular situation.

Mari Kooskora has received the following research grants:

International Faculty Development Program, Navarra University, IESE Business School, Barcelona, February 4th - March 16th 2002. Scholarship by the Agencia Espanola de Cooperacion Internacional (AECI), ~10 000 euros, covered accommodation, limited meals, training, materials.

Minuteman Fellows Project to develop educational exchange programs, Invitational travel order number 02-194, visit to Maryland 21-28 September 2002, estimated cost: \$3200.00, covered air flight and accommodation, paid by Maryland Army National Guard.

Institute of Business Ethics Bursaries for Doctoral Students for attending the EBEN Conference *Teaching and Business Ethics II, Innovation and Technology*, 12-13 Dec 2002, Brunel University, London, UK, bursary of £190 covered conference fee.

Nonlinear processes, stability and instability (Lembit Valt)

Lembit Valt is

Member of Centro Superiore di Logica e Science Comparate (Bologna, from 1980)

Member of Finnish Society for Futures Studies (Helsinki, from 1995)

Member of Russkaja Assotsiatsia Podderzki Rimskomu Klubu (Moskva, 1989)

Work-NonWork Interface (Kati Hammer)

The work-nonwork interface research focuses on the balancing of work and family life in Estonia. The primary data will be supplied by the Estonian Population Survey 2003, conducted by the Department of Family Sociology at the Institute of International and Social Studies (DFS at IISS), where the author's question blocks will be integrated into the main survey that has been regularly conducted among the Estonian population since the 1970s. The Jyväskylä Longitudinal Study of Personality and Social Development provides the supporting framework of psychological instruments used in the study. The Big Five personality measurement scale (Finnish-Estonian adjusted model) will be used as one of the main personality measurement instruments. The main hypotheses that the author will pursue are following:

- 1) The women (and men) more successful in combining work and family life domains (experiencing more enrichment than depletion) have:
 - a) *more help from family and friends for child-care (more hours children spend under care within the parents' social network);*
 - b) more optimistic/positive overall outlook on life;
 - c) more flexible jobs (more autonomy, picking her own working hours, chance to work part-time when desired) with better pay.
- 2) The countries where more mothers with children work have:
 - a) *legislation to support work-family combinations for both the mothers and the fathers;*
 - b) a more balanced cultural attitude towards career and non-career life.

Kati Hammer has received the following grant:

EBS Academic Capital Foundation stipend (covering travel costs to the Ph.D. seminars at Jyväskylä University)

Kati Hammer participates in the following projects:

Jyväskylä University Psychology Department and Department of Family Sociology at the Institute of International and Social Studies (Tallinn, Estonia) co-operation on the 2003 Population Survey (Work-NonWork Interface question block compiled by the author).

European School Survey Project on Alcohol and Other Drugs (ESPAD): preparing the Estonian questionnaire for the spring 2003. Consultant. Project head in Estonia: Airi-Alina Allaste from the Department of Family Sociology at the Institute of International and Social Studies.

Development of protocol and etiquette in the republic of Estonia (Tiina Tšatšua)

The research work focuses on the development of protocol and etiquette in the Republic of Estonia. Estonia declared itself independent on 24 February 1918 and entered as the Republic of Estonia the international arena. Estonia committed itself to behave as a subject of international law and to accept international rules and traditions applicable in international relations. The objective of the research work is to show the continuity of the national protocol and traditions, the significance of international norms and state protocol in relations with other states, the ability of a small state to adjust itself and learn quickly in rapidly changing environment.

CHAIR OF ACCOUNTING AND FINANCE

The accounting aspects of Estonian Business Law from international perspective (Jaan Alver, Lehte Alver and Lauri Reinberg)

Research of the possibilities for implementation of the international accounting standards and the EC Directives into Estonian legislation and accounting practice was continued. In the frames of this topic six papers have been published. The main results of the work are textbook *Managerial Accounting* authored by Jaan Alver and Lauri Reinberg and study aids *Intermediate Financial Accounting I* (2nd edition) and *Intermediate Financial Accounting II* authored by Jaan and Lehte Alver and *Financial Statement Analysis* authored by Jaan Alver which are the first texts of intermediate accounting and financial statement analysis published in Estonia. Professor Jaan Alver as expert sent his recommendations related to the new Accounting Act (passed by Riigikogu in November, 2002) to the Estonian Accounting Board and Riigikogu. By the new Accounting Act companies in Estonia for the first time have a legal opportunity to prepare financial statements in accordance with the *International Financial Reporting Standards (International Accounting Standards)*

Jaan and Lehte Alver continued their research in the field of history of accounting (included history of accounting in Estonia) and published five papers.

Jaan and Lehte Alver as members of the accounting terminology working group participated in number of workshops organized by the Estonian Accounting Board for developing of the accounting terminology.

Jaan Alver is

Member of Mother Tongue Society of the Academy of Sciences of Estonia.

Partners:

Estonian Accounting Board

Ministry of Finance

Income: definition, recognition, measurement and reporting (Eve Lamberg)

The objective of the research is to provide a comparative study of income concepts. The author is carrying out an analysis of the Estonian income definition and accounting principles using the formal conceptual frameworks of other jurisdictions as the bases of comparison. Research relates to observations of different conceptual frameworks of the FASB, the International Accounting Standards Committee (IASB) and the EASB in an attempt to compare the collected data. A comparison of conceptual frameworks is needed to understand the difference existing between GAAP's and income statements. The objective stems from the changing needs of financial statement users and leads to questions such as the identity of income statements, elements of income statements and their recognition, measurement, and reporting. Historical cost measurement basis is now seen to have little relevance.

CHAIR OF ENTREPRENEURSHIP

Research fields of the Chair of Entrepreneurship correspond to the wide spectrum of academic fields developed by the Chair: from the international transfer of new managerial and entrepreneurial knowledge to value-based marketing and cross-cultural aspects of international business and international knowledge-sharing networks. In addition to publications and presentations at international conferences an important channel for implementing research results has been development of new MBA and EMBA programmes. Research activities are linked to the learning community approach involving MBA students and are supported by monitoring new information and mapping relevant knowledge sources by the study and research assistant Marily Hendrikson.

Management training and consulting as tools for developing knowledge management practices, international transfer of new management ideas and implementing the concept of learning organisations in the context of transition economy (Tiit Elenurm)

Research on management training and consulting as tools for developing knowledge management practices, international transfer of new management ideas and implementing the concept of learning organizations combines surveys, case study and action research methodology. Qualitative research enables to get close to the object of the study in order to identify important variables, patterns and participants' meaning structures for investigating little understood phenomena. The research problem is how to develop synergy between monitoring, transferring and adapting new management ideas by using knowledge management methods and learning community practices.

Main research goals for 2002 were:

1. To gain deeper understanding of essential knowledge management assumptions in different types of organizations.
2. To monitor emerging knowledge management and learning organization practices in the Estonian transition society.
3. To study opportunities for increasing the value of MBA and EMBA programmes as environments for monitoring new management ideas and for sharing reflections of participants, how these ideas can be applied in their organizations.
4. To study opportunities for linking independent assignments of students into a cycle which could add value to learning community activities and serve as a data base for further longitudinal research.

Research results specifying the role of free circulation of information, promoting information sharing between colleagues, virtual databases, integration between databases of subsidiaries and headquarters and other assumptions of the knowledge management were presented at the 3rd European Conference on Knowledge Management. Recently these assumptions have been further studied by specifying the types of organic versus mechanic organizations and know-how versus know-why organizations.

The learning community approach involving MBA and EMBA students has been applied for monitoring and assessing new management ideas and essential features of successful managers in Estonia. The new EMBA programme concept based on the business idea development cycle and some learning community features has been introduced.

The project proposal for the development of the innovative entrepreneurship potential of SME-s as knowledge-sharing transnational technology transfer partners has been prepared. Implementation of this proposal enables to broaden the scope of further research by creating a learning community dealing with East-West transnational technology transfer in the context of the European integration. The project concept includes the innovative potential survey of participating organizations as the departure point for developing transnational technology transfer skills and reducing barriers that inhibit the transfer process. Demonstration projects, learning network activities and the follow-up survey are also parts of this action research process.

Participation in research projects

Tiit Elenurm was engaged as an expert in the research project “Innovation in Estonian enterprises 1998-2000”. The project was carried out by the Estonian Institute of Future Studies in co-operation with the Estonian Ministry of Economy and Communication as part of a comparative survey of all European Union member states and candidate states.

Research-administrative experience

Participation in preparing project proposals for the European Union 5th and 6th framework programmes. Applying research results in the development team of the EBS Executive MBA programme, developing the system for monitoring new management ideas at the Chair of Entrepreneurship.

Tiit Elenurm is

Member of the Economic Commission of the Academic Council of the President of Estonia.

Member of the Advisory Board on Small Entrepreneurship of the Ministry of Economy.

Member of the Expert Group on Management Capacity Building of the Enterprise Directorate-General of the European Commission

Member of the Estonian Consultants Association.

Member of the Editorial Board of “Electronic Journal of Knowledge Management (EJKM)”

Value-based marketing: creating value for shareholders through marketing management. A comparative study of Central and Eastern European and European Union companies (Toomas Danneberg)

The companies included in this research will be stock-listed enterprises from service and manufacturing sector.

The main objective of the research is to find different marketing and financial metrics that marketing could use in order to evaluate the company's marketing profitability and to construct a model that could be used by service and manufacturing companies.

Currently the research is going through literature review phase. Secondly, the author tries to find out the metrics that Estonian companies are using and for that purpose one MBA and two bachelor thesis were supervised.

Cross-cultural patterns of conflict resolution. Preventive approach to conflict resolution. Gender and development (Elena Pruvli)

The highest mobility nowadays in Europe is having the communities coming from Asian, Oriental, African countries. Eastern Europe is gaining more and more attractiveness for the migrants from Pakistan, India, Sudan and other culturally very different areas. What will be the relationship between the new migrants and the established communities? How to rise the level of the cultural awareness and cultural tolerance of the main ethnic groups considering that most of them are having the features of a high context cultures (up to the definition of Ed Hall)? Strong cultural division into "we and them" can strongly contribute into dynamics of prejudicial behaviour. Who and how can reduce prejudicial behaviour?

False assumptions are normally the result of very superficial invalid categorising, which contains biased categories of the cultures. The examples of such categorising (some based on the Cold war legacies) will be studied by the regression analysis method mainly.

Elena Pruvli has been involved in

Grant by the ERASMUS program for the IP "Intercultural skills for the European Marketers" for the 10 days workshop in Tallinn, EBS 21-30 March 2003. As the international co-ordinator and main organiser she provides the intercultural training program in Tallinn at EBS for 90 European students (whole budget of the project is 24 960 EUR, 3744 EUR for the organiser.)

Elena Pruvli participates in the joint research program *Ethnic conflicts in the post-cold war era* together with Dr. Tatjana Dronzina (Sofia University) and Dr. Jumhur Mumcu (Yedi Tepe University, Turkey). Elaboration of the syllabus and materials for the course "Ethnic conflicts in the post war era: the challengers" and CD with the findings should be a result.

The methodology of teaching business effectively. Entrepreneurship and business Startup. Creativity and flexibility in the business environment (Andrzej Pawelec)

To be a teacher in most developed countries in a primary school requires pedagogical training. In a secondary school often a subject degree plus methodological preparation for teaching. In a tertiary institutions however, the general assumption is that teaching skills are either innate or are somehow absorbed.

Universities attain kudos by the research they carry out and publish yet, increasingly, their income comes not from research but from teaching. My research aims to investigate what are the constraints on improving the methodology of teaching business related subjects and to develop guidelines for the improvement of the delivery of this core product in tertiary institutions.

CHAIR OF APPLIED MATHEMATICS AND INFORMATICS

Analysis of the loads of Estonian national grid (Toomas Täht)

For the short-term and long-term planning the busload values on various conditions, as low or high external temperature, possible great variations of load, various trends and etc are needed. For the state calculation it is necessary to start from hourly values of the busloads, because time-dependence the loads, as day's, weekly and seasonal fluctuations is really acute and because the characters and growth modes of the various loads are different. The busloads are treated on the basis of the mathematical model, which considers regular variations of loads, their stochastic entity, dependence on external temperature, voltage- and frequency-sensitivity of the load. The model allows to find various characteristics of the load, as mathematical expectation (long-term forecast), dependence on external temperature, dispersion, tractability and etc. The mathematical model of the

busload will be shaped according to the results of the load-researches.

Non-linear equations, Banach spaces, methods with the high order of convergence, parallel computation (Indrek Kaldo)

For solving a non-linear operator equation in Banach space setting approximate variants of the method of tangent hyperbolas are considered. This family of approximate methods includes as special cases methods based on the use of iterative methods to obtain a cheap solution of limited accuracy for associated linear equations at each iteration step as well. A local convergence theorem and rate of convergence for the methods under discussion are given. Computational aspects and possibilities of organizing parallel computation are discussed. Computational experience with various multiprocessors indicates that performance of parallel methods depends critically on efficient load balancing. Problems of allocating sub-problems to the processors are also briefly discussed.

CHAIR OF INFORMATION TECHNOLOGY

The Chair of Information Technology is carrying out research in the following two directions:

- investigation of formal models of knowledge and their application;
- research in high-level specification languages.

Application of knowledge-based methods in language processing (Enn Tõugu)

Research in high-level specification languages together with Sven Lämmermann from KTH (Sweden) was continued. The aim has been to design a composition language for specifying software components and their aggregation into systems. A composition language that supports object-oriented software development and has precise translation into logic has been developed. This translation allows us to synthesize automatically scripts needed for composing software from high-level specifications. Experimental implementation of the language in Java environment has been done. The composition language is intended for representing logical specifications of classes in the form of metainterfaces that can be applied in two ways: as specifications of computational usage of classes or as specifications of new classes composed from metaclasses – the classes already supplied with

metainterfaces. Metainterfaces are used as computational frames initially introduced in the artificial intelligence field some time ago. This bridges the gap between a class as a representation of a concept and a class as a specification of objects participating in computations - the language is expressive enough for knowledge representation according to the AI principles from one side, and it satisfies efficiency requirements of software developers (for handling specifications automatically) from the other side. Experimental application of metainterfaces has been done in dynamic synthesis of programs for telecommunication services.

Enn Tõugu participates in the research programme of the Institute of Cybernetics 0321769s01 *Ontoloogiale orienteeritud programmeerimine* (*Ontology-oriented Programming*)

Enn Tõugu was member of the Program Committee of *Fifth International Baltic Conference on DB and IS*, June 2002, Tallinn

Enn Tõugu is

Member of the Editorial Board of *Automated Software Engineering* (Kluwer)

Member of the Advisory Editorial Board of *Knowledge-based Systems* (Elsevier)

Member of the Editorial Board of *Computing and Informatics* (Slovak Academy of Sci)

External examiner at NTNU (Norwegian University of Science and Technology)

Fellow of the Estonian Academy of Sciences

Member of the Estonian IT Society

Member of IEEE Computer Society

Structures and Intellect (Professor Peeter Lorents)

Metrics and distance of concepts in natural language has been investigated, and its dependence on context has been introduced. We have analysed the satisfiability of a number of conditions presented in the form of axioms. We have provided a method for measuring difference of finite sets and their distance, and have applied the metrics of differences of final sets in diagnostics of man-machine systems. Phrases of natural language that express differences of meaning represented as sets have been analysed, including, first, relatedness of measure of difference and distance between sets, second, application of measure of difference and distance in the systems with human participation with the aim of resolving conflicts arising from differences in understanding.

The notions of formalization and formalizability are described in terms of specific algebraic systems. The binary relation of immediate precedence is introduced and studied. Under certain criteria, this relation uniquely determines the relations of the respective metastructure. Examples to illustrate the metapredicates are given. Formulation of problems that naturally link to the Thesis of Formalizability is presented. This thesis claims that all formalisms are obtainable in a certain manner and is as declarative as the similar theses by Turing and Church.

Peeter Lorents is

Member of the Scientific Council of the Estonian Ministry of Defence.

CHAIR OF ECONOMICS

The staff of the Chair of Economics has published articles, papers and books on a wide range of topics in 2002. Among the research issues are sustainable development, growth, social costs of monopolization and rent seeking, finance of local governments. Apart from the ongoing research our lecturers have been active in various forms of consultation, including participation in cross-board working groups, *ad hoc* expert groups, mass-media presentations etc. Some of our staff has been also commissioned by the governmental authorities to counsel on a range of issues related to national development strategies.

Sustainable development - Case study of Estonia (Lauri Luiker)

The concept of sustainable development is of high importance in the current debate of world affairs. The World Summit on Sustainable Development (also known as Johannesburg Summit) endorsed the idea of balanced development strategies that take into account different forms of capital. Nevertheless, many societies seem not to appreciate this novel thinking, and continue to emphasize the GDP growth as the only real goal. Building upon the World Bank concept of sustainable development, this research asks whether Estonia is on the sustainable development path?

Research materials included theoretical background, interviews with some leading experts in the field, statistics, etc. By using various methods in time-series analysis the authors found some empirical evidence that Estonia's development is according the WB concept on a sustainable path. On the other

hand, when calculation methods were modified to exhibit more longer-term development expenditures than the country's sustainable development may become vulnerable. Specific suggestions included need for more investments into human capital (particularly in health and education), R&D, as well need to improve environmental accounts.

Lauri Luiker is

Member of an expert group on the Estonian National Development Plan - Single Programming Document 2003-2006

Visiting expert on economic issues for Raadio 4

Member of Estonian Economic Association

Social Cost of Monopolisation and Rent Seeking (Kaire Põder)

Problem: What are the major characteristics and costs related to the rent-seeking nature of society in Estonia?

Theoretical foundations: Public Choice Theory, Institutional Economics. Main theoretical foundations can be found at the publications of R. Ase, J. Buchanan, G. Tullock, J. Stiegler, and H Demsetz.

Method: measuring social cost of rent seeking in Estonia two methods are used: Harberger (classical method) and Cowling-Mueller (Rent-seeking included) method.

Results:

- a) The theoretical model of rent-seeking society suite well by describing the nature of former soviet countries, Estonia as well.
- b) Many social and political phenomena of Estonian society can be described by using theory of public choice (like alienation, political instability, nostalgic feelings toward past and even hatter of monetary constraints and profit earning structure of economy).
- c) By using Harberger method the social cost of Estonian monopolies is approximately 8% GDP.
- d) By using Cowling-Mueller method the social cost of Estonian monopolies and expenditures made for rent seeking are approximately 25% of GDP.
- e) The latter is the number that should us make to pay more attention to the rent-seeking nature of transforming (or new emerging) market oriented democracies.

Kaire Põder has received a grant to attend the Mont Pelerin Society General Meeting (from 5th to 10th October 2002) from the Institute of Economic Affairs and the organisation committee of Mont Pelerin Society.

CHAIR OF LAW AND PUBLIC ADMINISTRATION

The legal connection between administrative institutions and management of public administration organisation (Arno Almann)

In 2002, the research within the topic was concentrated on the bases of constitution, legal environment of public administration organization and on theoretical elaboration of legal relations between the carriers of administrative power.

The results of the research were used in compiling the commentaries for the Constitution of the Republic of Estonia, in composing the government-initiated drafts for the parliament and for the Academic Council of the President of the Republic.

Arno Almann is

Member of Commission on Development of Public Administration and Local Government of the Academic Council of the President of the Republic
Member of the Expert's Team for Elaboration of Social Contract in Estonia (at the Academic Council of the President of the Republic).

Arno Almann has reviewed the following doctoral theses:

Vallo Olle. *Kohaliku omavalitsuse teostamine vahetu demokraatia vormis: kohalik rahvaalgatus ja rahvahääletus (Exercise of Local Government in the Form of Direct Democracy: Local Public Initiative and Referendum.)*

õigusteaduste doktori kraadi taotlemisel. Tartu Ülikool, juuli 2002

Ilmar Tomusk. *Eesti keelepoliitika põhimõtted ja dünaamika eurointegratsiooni ning rahvusvaheliste inimõiguste kontekstis (The Principles and Dynamics of Estonian Language Policy in the Context of European Integration and International Human Rights)* haldusjuhtimise doktori kraadi taotlemisel. Tallinna Tehnikaülikool, detsember 2002.

The Indicators of Local Democracy in Estonia (Anna Laido)

Following the fall of communism in the end of 80s, Soviet-type local councils became defunct. In all countries in Central and Eastern Europe they were replaced with new local government structures. The designers of the new constitutions adopted in the region in the early 1990s anticipated that local governments should be more democratic, efficient and effective than the Communist local administrations that had operated before. They also expected the democratic revival of local societies as a consequence of the

political changes. One of the main objectives of the doctoral thesis would be to disclose the degree to which Estonia has achieved these ideals.

Ten years after the process of reform it is the objective of the author to offer comprehensive and cross-nationally comparable information on local democratic governance in Estonia. To author's understanding, no comparable effort has been made in Estonia at local-level data generation, collection and analysis of the political changes that have occurred since the fall of communism.

The two main research methods to collect the proposed data would be local government survey and local representative survey. The first is aimed at collecting factual information about the activities of local governments and their political environment (parties, NGOs, media, and citizens' initiatives) and the second is aimed at collecting information about the activities, values, opinions and demography of local councils.

The surveys strive to provide an evaluation of the relationship between local government and citizenry, of the relations of trust and power within the political elite and of the respect of democratic values.

Anna Laido is

Observer in NISPACee network and participates in NISPACee Working Group of Politico-Administrative Relations.

Anna Laido has received

CEU Curriculum Resource Centre scholarship for participating in Political Science session - Spring term 2002.

CENTRE FOR BALTIC STUDIES

The Centre for Baltic Studies (CBS) was founded in 1999 under guidance of **Professor Peeter Lorents** as Director and **Dr. Sirje Keevallik** as Learned Secretary.

The main topics of CBS are:

- Security and social stability
- Environmental issues
- Information technology

The Centre for Baltic Studies undertakes and carries out projects related to its main topics. In 2002 the following activities took place.

1. In the frames of the common project between EBS-CBS and Äripäeva Kirjastus, parts 8-12 of *Handbook for IT Managers* were written and/or compiled. The project leader is Peeter Lorents. The authors are:

Kaido Einama MSc

Ülo Kess DSc

Paul Leis PhD

Väino Olev

Tarmo Talts MSc

Harry Tani PhD

Eneken Tikk

Enn Tõugu DSc

2. On June 17-19, 13th BALTEX (Baltic Sea Experiment) Science Steering Group meeting was organised at EBS. The meeting was accompanied by the workshop *Eutrophication and Pollution in the Baltic Sea Basin*.

3. Since September, a part of Grant 4347 of Estonian Science Foundation belongs to EBS-CBS. The Grant name is *Large-scale Atmospheric Circulation Types in Estonia and their Influence on Climate Variability*. The Grant holder is Dr Jaak Jaagus from Tartu University. Sirje Keevallik is the principal investigator.

4. Peeter Lorents participated in the working group of elaboration of the development plan of the Defence League. The development plan (confidential) was presented at the Civil Board of the League in December 2002.

WORKING GROUP ON ENVIRONMENTAL ISSUES

Wind regime on the Tallinn Bay (Sirje Keevallik)

The Estonian Centre of Environmental Studies initiated a project to investigate the possible destructive influence of ship traffic on the coasts of the Tallinn Bay. One of the tasks was to separate the influence of the ship waves from that of the natural waves. The main driving factor for the natural waves is wind. Therefore, a study was undertaken to determine wind regime on the Tallinn Bay.

The data of 3 meteorological stations have been analysed. These stations are: Tallinn-Ülemiste (1966-1980), Tallinn-Harku (1980-2000), and Naissaare (1966-1990). Ülemiste is situated near the eastern border of Tallinn and Harku in the west, outside of the town. Both stations are at a distance of 3 km from the sea. Naissaare Meteorological Station was on the northern coast of Naissaar - an island 8 km to the north from the Kakumäe Peninsula.

Winds were analysed by three classes: all winds, moderate and strong winds (>5 m/s) and strong winds (>10 m/s). It was shown that the fraction of strong winds is the largest at Naissaare (7.6%) and the smallest at Harku (0.2%). On the other hand, the wind roses at Naissaare differ greatly from those recorded at Ülemiste or Harku. This indicates that wind data at the coastal stations do not characterise wind regime on the Tallinn Bay.

Wind data from Naissaare permit to conclude that near the southern coast of the Gulf of Finland the most probable wind direction is SW. Moderate and strong winds have a secondary maximum in NE that is especially well developed during the warm half-year. Winds from SE and S are mostly weak, but the strongest storms blow from NW.

The main result of the project was that the speed boats produce waves that have significantly longer periods than natural waves. These waves are not dangerous for the coastline, but disturb the ecosystems in deep water.

This investigation was mostly financed by Marine Systems Institute at Tallinn Technical University and the applied project of the Centre of Environmental Investments *The influence of ship wake wash on beaches of the Tallinn Bay and Naissaar and Aegna Islands, and the possibilities of its neutralizing*

Sirje Keevallik is

Member of the BALTEX Science Steering Group

Vice-Chair of COSPAR (Committee on Space Research) Scientific Commission A

Member of International Radiation Commission of IAMAS (International Association of Meteorology and Atmospheric Sciences)

EBS CENTRE FOR ETHICS STUDIES

In 2002 the following events were organised:

International business ethics seminar *Ethical Issues in Transition Society*, 9-10 May 2002, EBS, Tallinn

Workshop for Estonian ethics educators, 12 October 2002, EBS, Tallinn

Workshop for Estonian ethics educators, at 3rd Estonian Conference of Social Sciences, 23 November 2002, TTU, Tallinn

Through the Centre for Ethics Studies EBS is an Institutional Member of EBEN - European Business Ethics Network

In 2002 the business ethics working group of EBS Centre for Ethics Studies has carried out the following studies:

- The work ethics and employee valuation in organisations, Management styles affecting employee motivation under supervision of Mari Kooskora;
- Ethical aspects of privatisation under supervision of Anu Virovere and Mari Kooskora;
- Emotional capital and ethical work environment in organisations under supervision of Anu Virovere.

DOCTORATE STUDENTS

Leadership in different cultures (Krista Tuulik)

During the second part of 2001 Estonia joined Cross Cultural CEO study that was carried out by Robert House, University of Pennsylvania, Wharton Business School. Starting from September until the end of November more than 40 (entrepreneurs and non entrepreneurs) Estonian CEOs from a very wide range of activities were studied. The study consisted of two different parts. The CEO was interviewed during 45 minutes. A special set of questions was asked from everybody and the CEO could talk about his/her career, aims and accomplishing them and etc. In addition to the interview the CEO had to complete a questionnaire. Also minimum six subordinates of the CEO had to complete questionnaires. There were three types of questionnaires (C, D, E) from which at least two from every type had to be correctly completed. Questionnaire E was meant to be completed by those subordinates who were involved in strategic plans and financial management of the company.

On the basis of the interview basic motives of the CEO were founded (based on the David G. Winter theory of scoring motives in running text). The basic motives in the action of people are: achievement, power, affiliation and responsibility. Responsibility can be divided into five categories: moral standard, internal obligation, concern for others, concern about negative consequences and self-judgment.

The prevailing motive in the interviews of Estonian CEOs was power (entrepreneurs 7 times average, non-entrepreneurs 6,8 times average) that was followed by achievement (entrepreneurs 6,8 times average, non-entrepreneurs 5,8 times average). Then came responsibility (entrepreneurs 3,5 times average, non-entrepreneurs 4,8 times average). Last motive of action was affiliation (both groups below 1 time).

While looking at responsibility in its five different categories, the most frequent was internal obligation (entrepreneurs 1,3 times average, non-entrepreneurs 1,2 times average) followed by self-judgment (entrepreneurs 1,1 times average, non-entrepreneurs 1,2 times average). The other categories occurred 1 time or less in average.

The motive of power was correlated with achievement ($r=.546$), responsibility ($r=.482$) and affiliation ($r=.362$). The motive of responsibility

correlated with concern about consequences ($r = .416$).

From the questionnaires the values of **Estonian** managers came out and they tend to be mostly in charge of costs and the well being of their clients that is followed by the well being of their employees.

The followers had the possibility to estimate their CEOs. They see them on 7-point scale as directive (5,53) information source (5,45), which are communicator (5,35) and visionary (5,30). A CEO is not malevolent (2,52) and self-protective (2,92)

All the results of the research were sent to Wharton Business School for cross-cultural investigation. The results were promised in the end of 2002.

Metrics and distance of concepts in natural language (Diana Lorents)

Phrases of natural language have been analysed and differences of meaning have been expressed as metrics on the class of final sets. In particular, the following has been done:

- Relatedness of measure of difference and distance between final sets have been analysed.
- A method for measuring difference of finite sets and their distance has been provided.
- It has been proved that the calculated measure and distance satisfy well-known conditions on metrics and distance.
- The theory has been applied to a practical example of measure of difference and distance in a system with human participation with the aim of resolving conflicts arising from differences in understanding.

Optimisation of the EDF (Estonian Defence Forces) management system in light of upcoming accession to NATO and EU (German Kesa)

As NATO and the European Union enlarge, what can Estonia contribute to both organisations militarily? How should new members be encouraged to reform their armed forces in order to both address their national defence needs and contribute to collective European operations?

Despite having made real efforts to develop its military during the 1990s, Estonia compared to the West European neighbours is relatively small in size and face difficult defence modernisation problems. Military contribution to

NATO and the EU will inevitably be limited.

Force Structure Review conducted in 2001 was the first step in the process of the development optimisation on the Estonian Defence forces stressing affordability and prioritisation of required military capabilities.

With NATO's support, Estonia has begun to develop special peacekeeping forces. These now operate alongside the 'old' NATO members' forces in Bosnia, Kosovo and Afghanistan.

It is possible to illustrate limitation of the development using statistical analysis. Assuming 7 nations will join Alliance in 2004, territory of NATO will drastically increase NATO total population will increase to 850 mln or roughly 14 %. In contrast, the gross domestic product will have increase of only 2%, and defence spending increase of only 1,5 % for the Alliance as a whole.

Since joining NATO in 1999, the Czech Republic, Hungary and Poland have undertaken new defence reviews. In each case these recommended modest increases in defence spending alongside further downsizing of the armed forces and a move towards the establishment of all or majority volunteer – rather than conscript – forces. This points to one approach to defence reform: downsizing of wartime armed forces based on reserves in order to free-up resources to improve the capabilities and operational effectiveness of the remainder.

This will lead to the minimum required command and control structure and as a result additional resources to upgrade command and control communication and information system to the NATO standards. Complexity of accession process to NATO and EU for Estonia is first of all concentrated in the Consultations, Command and Control (NATO C3) area where modernisation is obligatory. Effectiveness of EDF C3 structure is the key to the solution.

Cognitive psychology and attitude change (Jelena Fedurko)

The theoretical research Cognitive Psychology and Attitude Change concerned with study of human mental processes, behaviour and influence. The main focus was placed on issues of perception, comprehension, reasoning and decision-making. One of the prime interests of the study was social influence and adaptiveness of behaviour. Attention was also paid to conceptual approach and to the question to what extent word meanings can

be equated with concepts. Topics studied included relations of sense between lexical items that can have the same syntactic position, namely synonymy, antonymy, complementarity, incompatibility and converseness. Also, the ability of metaphors to enable new meanings to be produced from old ones and the nature of normal and abnormal collocations were examined. The above topics were studied in the light of connections between linguistic units and extralinguistic world. Main interest was placed on various strategies for indicating (on the part of the speaker) and identifying (on the part of the listener) correct meaning in different types of speech act as stating, requesting, insisting, commanding and so on.

Bank training management in Estonia: trends and development (Karin Liikane)

The main topic of my research in 2002 concerned the relations between the bank training aspects and the bank corporate missions. What is the mission of the banks in Estonia and how does their mission conform to the changed requirements of society? Will the global trend of e-based banking lead to convergence of the corporate missions of large banks? In Estonia, may we talk about two large banks, which share a common mission for the future? How will this fact influence the bank training and the banking education in the large extent?

If banks are to be successful in mergers and take-overs they need a competitive strategy and business plan to underpin their actions. To examine this problem I worked on the research literature in modern (bank) management (Belasco, Channon, Drucker, Goldratt, Handy, Lewis, Markides, McAlpine, Murinde, Lissack & Roos, Rowntree, Sinkey) and analysed the annual reports of the Estonian banks. In addition to these sources I built the conclusions on my own expert assessments in banking field during last ten years.

The study indicated that we cannot talk about a single major bank mission in Estonia. The definitions of stakeholders as well as the business logic of the banks differ. Also their values come from different levels. However, the third component of the mission, behavioural policy, is rather similar.

Apparently, it is the influence of foreign investors and their mission development which should be deemed to be the key factor in the development of the corporate missions for the banks in Estonia in the future.

The second area I dealt with is to define the major trends in distance learning as one of the leading possibilities in bank training. Participating in MBA classes in Econometrics, Marketing Management, Organisational Behaviour and Knowledge Management a number of ideas were formed as course papers. The next step on my research is to review and link these ideas to my main thesis.

Karin Liikane participates in G. Collert Foundation Network in Sweden, Finland, Norway and Estonia; Project Manager in Estonia responsible for co-ordination the banking research groups in Tartu University and Tallinn Technical University

Karin Liikane is

Mentor of the EBS/TTU Student Spring Seminars in Banking at the Estonian Banking Association

Consultant in Banking Distance Learning Project at the Institute of Finance and Accounting, Tartu University

The accuracy of performance self-assessment in job proficiency and social competence (Aire Nõlvak)

The aim of present study is to investigate self-perception of social and professional competence that is, how accurate people are at estimating their social and professional competencies. The central problem is the finding that people tend to assess themselves to be better than they actually are. The question is whether there exists a generalized tendency to overestimate one's competence (if those who over-estimate their interpersonal skills are also at high opinion about their job performance) or do they have clearly articulated beliefs about different specific skills. It is crucial to investigate whether people have sufficient insight about their working skills and to what degree can effective work feedback, through different sources, make such self-perception more objective.

The major components of investigation model are: (a) self-perception and self-rating accuracy of interpersonal and job performance skills, (b) accuracy relative to some criterion measure, (c) job performance ratings given by supervisors, (d) agreement between the accuracy of self-ratings and supervisor-ratings concerning job performance, and (e) influence of multi-source feedback.

To provide a support for this hypothesis, the relations between measures of

(1) personality basic traits, (2) mind-reading ability, (3) self-assessment of job performance, (4) supervisor rating of job performance, and (5) objective indicators of job performance (e.g. productivity data) will be estimated.

Measures

- *Performance Assessment Scale* –performance assessment scale will be originally constructed referring to different dimensions of the job (e.g. Quality of work, Quantity of work, Ability to do the job).
- *Mindreading Ability Scale Mindreading task - Facial Expression Measure*. The facial expression measure consists of 32 35-mm slides from the widely used slide set composed by Matsumoto and Ekman
- *Job proficiency and personnel data* – obtained previously by employees.
- *Demographic data*

Data collection

Data collection is planned to organize in different Estonian organizations through different occupational groups varying on the basis of amount information that subjects receive about their job performance. For example, in the case of sales there are obvious objective performance assessment criteria (e.g. sale turnover), whereas feedback for specialists or researchers is more indefinite and subjective as given by supervisors or chiefs.

Research is at the preparation phase where major aim is to work through previous research results and methods to work out exact research plan and compose necessary research tools.

PUBLICATIONS IN 2002

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- Alver, J. 2002. Ühiskulud: mõiste ja jaotamine. *Raamatupidamisuudised* nr 4 (59), lk 21–27.
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- Alver, J. 2002. Arvutustehnika areng kuni XVIII sajandini. *Raamatupidamisuudised* nr 5 (60), lk 39–41.
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PRESENTATIONS AT CONFERENCES

INTERNATIONAL

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- Alas, R. How to build employee commitment and satisfaction. Results of international survey. *6th International Conference Human Resource Management "The War on Talent"*, Riga, 13 June 2002.
- Alas, R. Organizational changes and organizational learning in Estonian organizations. *An Enterprise Odyssey: Economics and Business in the New Millennium Companies*, Zagreb University, 27-29 June 2002.
- Alas, R. Teaching of change management based on research results in Estonian companies, *IESE IFDP alumni conference*, Riga, 28 July 2002.
- Alas, R. Influence of socialist politics to employee's attitudes and trade unions. *2nd international conference HRM in Europe: Trends and challenges*, Athens University of Economics and Business, 17 October 2002.
- Alver, J. True and fair view: The cornerstone of modern accounting. *International Conference "Accounting and Companies' Performance Management"*. Tartu University, 25-26 October 2002.
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- Elenurm, T. Intercultural competence for international transfer of management knowledge. *Baltic Region Intercultural Communication and Leadership Conference*. Turku, 14-15 March 2002.
- Elenurm, T. Organizational learning challenges of business organizations under transformation in the process of internationalization. *3rd International Workshop "Transition and Enterprise Restructuring in Eastern Europe"*. Copenhagen Business School, 15-17 August 2002.
- Elenurm, T. Priorities and problems of developing knowledge management

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- Elenurm, T. Implications of management development for the economic transition and integration of Estonia into wider Europe. *The Tenth Annual International Conference Business and Economic Development in Central and Eastern Europe: Implications for Economic Integration into Wider Europe*. Brno University of Technology, 6-7 September 2002.
- Ennulo, J., Virovere, A. Ethical values as regulators in conflict solving process. *15th Annual EBEN Conference and European Ethics Summit "Sustaining Humanity Beyond Humanism"*. Brussels, 29-30 August 2002.
- Kaldo, I., Vaarmann, O. On approximate methods of tangent hyperbolas. *7th International Conference MMA-2002*, Kääriku, Estonia, May 2002.
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- Kesa, G. Adaptation of existing tools and mechanism of PfP (Partnership for Peace) *NATO/PfP Planning Symposium*. Oberammergau, Germany, 16-17 January 2002
- Kesa, G. Defence reform and development: Challenges and opportunities *High Level Conference Joint Sub-Regional Command NorthEast*. Karup, Denmark, 12 June 2002.
- Kooskora, M. Using case studies in class. *EBEN Conference Teaching and Business Ethics II, Innovation and Technology*, Brunel University, London, 12-13 December 2002.
- Kooskora, M. Ethics as managers' competence in conflict management, based on the research of conflicts in Estonian organisations. *EBEN 3rd Doctoral Workshop*, Brussels, 30-31 August 2002.
- Kooskora, M. Conflicts in Estonian society and organisations. *Business Ethics: from Theory to Practice*, Kaunas, Lithuania, 13-15 June 2002 (written presentation).
- Kooskora, M. Ethics as managers' competence in conflict management, based on the research of conflicts in Estonian organisations. *Ethical Issues in Transition Society*, EBS, Tallinn, 9-10 May 2002.
- Kooskora, M. Ethics as managers' competence in conflict management, based on the research of conflicts in Estonian organisations. *Research seminar, Escorial Training Centre, IESE Business School*, Spain, 22-23 February 2002.
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- Lämmermann, S., Tyugu, E. Implementing extended structural synthesis of programs. *AAAI 2002 Spring Symposium Series on Logic-Based Program Synthesis: State of the Art and Future Trends*. Stanford, USA, April 2002.
- Lämmermann, S., Tyugu, E. Computational frames as metainterfaces. *International Conference on Artificial Intelligence (IC-AI'02)*, Las Vegas, 24-27 June 2002.
- Nölvak, A, Allik, J. Mindreading ability: beliefs and real performance. *11th European Conference on Personality*, Friedrich-Schiller-University Jena, Germany, 21-25 July 2002.
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- Pruvli, E. Who is wearing and who is washing the trousers? The gender equality and ruling attitudes in post-Soviet countries. *International workshop "The Cold War and Its Legacy: Ethnic Conflicts, Crisis Management and the Challenges to International Security and Regional Co-operation". Session: Gender and Development*. Sofia University, Bulgaria, 20-21 August 2002.
- Pöder, K. Rent seeking society under transformation economies. *Mont Pelerin Society Annual Meeting*, London, 5-10 October 2002.
- Soomere, T., Keevallik, S. Anisotropy of wind and wave regimes in the Baltic Proper and the Gulf of Finland, *27th General Assembly of the EGS*, Nice, France, 21-26 April 2002.
- Virovere, A., Liigand, J. Conflict as a way of executing power. *27th Annual Colloquium on Research in Economic Psychology. SABE 2002*

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- Alas, R. The determinants of employee commitment in connections with historical background. *X Conference on the Management of Business organizations*, Tallinn Technical University, 28. november 2002.
- Alas, R. Usaldus organisatsiooni juhtkonna vastu töötajate pühendumist määrava tegurina. (Trust as determining factor of employee commitment.) *Eesti sotsiaalteaduste III aastakonverents - Usaldus. Vastutus. Sidusus*. Tallinn, 22.-23. november 2002.
- Alas, R. Factors influencing organizational learning in Estonian companies. *Sotsiaal- ja kasvatusteaduste doktorantide I teaduskonverents - Sotsiaal- ja kasvatusteaduste dialoog ja ühishuviid*. Tallinna Pedagoogikaülikool, 18.-19. aprill 2002.
- Alas, R. Tööga seotud hoiakute soolised erinevused. *Võrdõiguslikkuse Foorum: Mida muudab Eestis võrdõiguslikkus?* Tallinn, 25. aprill 2002.
- Alas, R. Eesti tippjuhtide tüpoloogia. *Traditsiooniline sekretäride tippkonverents: Sekretär 2002*, Tallinn, 31. mai 2002.
- Alas, R. Personalijuhtide koolitamine EBS-is. *PARE 10. aastapäevale pühendatud konverents*, Tallinn, 7.-8. november 2002.
- Alas, R. Kas perfektsionism on edu alus? *EBSi vilistlaskonverents*, Tallinn, 29. november 2002.
- Elenurm, T. Ida-lääne majandusintegratsioonis konkurentsivõime tugevdamiseks Eesti juhtidele vajalikud kompetentsid. *Eesti valikud Idas ja Läänes*. Tallinn, 25.-26. aprill 2002. (Competences that Estonian managers need for improving competitiveness in the framework of the East-West integration. *Estonian Choices in East and West*.)
- Danneberg, T. Kuidas mõõta turunduses väärtuse loomiseks tehtavat panust ja investeringute tasuvust (How to measure marketing contribution and marketing profitability). *Turunduse aastakonverents Password*. Tartu, 1.-2. veebruar 2002.
- Danneberg, T. Milliseid otsuseid teeb turundus? Kuidas mõõta turundusotsuste õigsust ja tulemuslikkust (What are marketing decisions? How to evaluate the appropriateness of decisionmaking and its profitability)? *Tartu Juhtimiskonverents*. Tartu, 5.-7. september 2002.

- Danneberg, T. Kuidas arendada reaalsel väärtust pakkuvaid lisateenuseid? (How to develop additional services that create value?) *Teenustesektori aastakonverents*. Tallinn, 26. november 2002.
- Habakuk, M. Millised on Eesti juhtide tänased otsustamisprobleemid? (The decision-making problems of Estonian executives today.) *Juhtimise aastakonverents*, Tartu, 5. oktoober 2002.
- Kaarelson, T. Personalijuhtimise strateegilisus Eesti organisatsioonides. (The strategic orientation of human resource management in Estonian organisations.) *X Conference on the Management of Business Organizations*, Tallinna Tehnikaülikool, 28. november 2002.
- Kesa, G. Estonia Defence Forces long-term development plans. *Baltic Defence College Conference*. Tartu, Estonia, 20 June 2002.
- Kesa, G. Riigikaitse juhtimine. *NATO teemaatiline konverents* Tallinn, Kaitseministeerium, 25. mai 2002.
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- Nõlvak, A. Inimesetundmine: enesekohased uskumused ja tegelik sooritus. *Eesti Psühholoogide Liidu aastakonverents*. Tartu, 26. oktoober 2002. (Mindreading: beliefs and performance. *Annual Conference of Estonian Psychological Association*.)
- Tšatšua, T. Protokoll ja etikett: kohustus või soovitus? *II imago- ja etiketikonverents "Avarus ja piirid"*. Tallinn, november 2002 (Protocol and etiquette: Obligation or recommendation? *2nd Conference on Image and Etiquette "Space and Bordesrs"*)
- Valt, L. Kausaalne seos mittestabiilsetes süsteemides. (Causality in nonstable systems.) Interdistsiplinaarne teoriakonverents *Kindlus ja kindlusetus muutuvmas maailmas*, Tallinn, 27.-28. märts 2002.
- Valt, L. Tehismaailma võlu ja valu. (Artificial components of human environment.) Tallinna Tehnikakõrgkool, 10. detsember 2002.
- Virovere, A. Emotsionaalne intelligentsus - mõõdetav, õpitav, asendatav. *Tallinna konverentsid*, november 2002.
- Virovere, A. Juhtimistrendid ja emotsionaalse intelligentsuse teooria, käitumuslik regulatsioon ja juhtimisstiilid. *Tallinna konverentsid*, detsember 2002.

MASTER'S THESES DEFENDED AT EBS

Spring 2002

- Marja Abermann** *Profit: nature, variety, analysis* (J. Alver)
- Anneli Allikvee** *Possibilities of IT in business: AS Pärlep case* (P. Karjus)
- Jan Andresoo ja Anne-Liis Arulo** *An organisational model of executive education: EBS Executive Training Centre as an example* (T. Elenurm)
- Marko Arro** *Evaluating performance of insurance company by financial statements* (J. Alver)
- Aune Aru ja Meelis Aru** *Asset and Liability Management (ALM) in banking and sound ALM principles for Estonian banks* (E. Listra)
- Kerli Aru** *Evaluating the benefit of the Web site to the small company in Estonia* (M. Veerberk)
- Arvo Juhkami** *The implementation of total quality management and other quality management methods* (T. Tammaru)
- Anne Kallas** *A successful enterprise wide risk management program for a telecommunication company (Tele 2)* (Ü. Pihlak)
- Jaan Kallas** *Value-based marketing-creating value through integrated marketing management, evaluation of enterprises market orientation and measures to improve it* (T. Danneberg)
- Mall Kohv** *Methods of raising Empowerment Index (EI) of the organisation on the basis of Ericsson Eesti AS* (A. Virovere)
- Toomas Kotkas** *Analyses of corporate governance in Estonia* (H. Pajula)
- Ivo Kõpper** *Working out the development IT strategy of Veho Eesti AS* (P. Karjus)
- Eve Lamberg** *Income: definition, recognition, measurement and reporting* (J. Alver)
- Uno Land** *Option pricing possibilities in the Estonian stock option market* (T. Pekk)
- Daily Lehtmets** *Efficiency considerations of mail and online surveys questionnaire design* (Ü. Pärnoja)
- Ilona Lott** *Muudatuste juhtimine ASis Tallinna Vesi personalijuhtimise vaatevinklist* (R. Alas)
- Aimar Meltsa** *The estimation of the optimal growth rate for an Estonian software-house* (T. Elenurm)
- Regina Mets** *Relation of satisfaction with work with a peculiarity of leasing* (A. Virovere)
- Marika Nurmeots** *The analysis of recognition and measurement of intangibles according to the IAS 38* (J. Alver)

- Priit Parktal** *AS E-Arsenal - example of defence industry in the Republic of Estonia* (L. Luiker)
- Meelis Peterson** *Development of organisational structure and division of labor in AS GLAMOX HE* (T. Elenurm)
- Karin Pärnpuu** *Internal marketing of healthcare services. Based on AS Lasnamäe Tervisekeskus* (T. Danneberg)
- Tarvo Seenmaa** *Accounting for financial instruments - IAS 39* (L. Alver)
- Martin Valler** *Structural capital as the success factor* (A. Virovere)
- Merje Vallimäe** *Comparison of Hansa Business Software versus others in Estonia* (J. Alver)
- Mart Varjun** *Developing and implementing methods for identifying sales process* (T. Elenurm)
- Tiina-Kai Vürst** *Klienditeeninduse protsesside reglementeerimine lähtudes tasakaalustatud mõõdikute süsteemi kontseptsioonist Seesam rahvusvahelise kindlustuse ASis* (T. Elenurm)

Autumn 2002

- Mart Liik** *Remote data collection systems for energy and water counters* (R. Paluoja)
- Heiki Lumiste** *Ettevõtte majandusanalüüs AS GLAMOX HE* (J. Alver)
- Tarmo Tamm** *Coordination of strategic IT-management: Estonian public sector case* (P. Lorents)

MASTER'S THESES DEFENDED ELSEWHERE

On the 10th of June 2002 **Tõnu Kaarelson** defended his Master's Thesis *The State of HRM in Estonian Companies and Public Sector Organisations* (*Personalijuhtimise olukord Eesti ettevõtetes ja avaliku sektori asutustes*) at Tallinn Technical University.

CONFERENCES ORGANISED AT EBS

Ettevõtluskeskkond Tallinnas

18. aprill 2002

10.00 *Avasõna* EBSi president Madis Habakuk

10.10 *Riik, omavalitsus ja ettevõtluskeskkond* Eesti Vabariigi peaminister Siim Kallas

10.30 *Tallinn linnajuhhi vaatevinklist* Tallinna Linnavolikogu esimees Maret Maripuu

10.50 *Tartu kogemus ebatavalisest vaatenurgast* Tartu abilinnapea Hannes Astok

Kohvipaus

11.30 *Promoting investment and entrepreneurship in Tallinn (Kuidas Tallinnas edendada investeringuid ja ettevõtlikkust)* Unicom Grupi, Fleming Furniture ja Concert Holdings nõukogu esimees, endine Morgan Stanley Dean Witter tegevdirektor Londonis ja New Yorgis Franklin D. McMahon

11.50 *Kooskõlastused - rõõm või piin?* Kodumajagrupi AS juhatuse esimees Urmas Laur

12.10 Diskussioon teemal *Tallinn ja Tallinna prioriteetid*. Diskussiooni juhib Rein Lang. Osalevad Maret Maripuu, Hannes Astok, Urmas Laur, Dmitri Demjanov

Üliõpilastööde konverents

17. aprillil kell 11 EBSi aulas.

11:00-11:05 Konverentsi avamine

I-II kursus

11:05-11.20 **Anto Liivat** *Euroopa hariduse tulevik* (L. Valt)

- 11:25-11:40 **Katrin Rummel-Pali** *Teenistusliku järelevalve korraldus riigihalduses* (A. Almann)
- 11:45-12:00 **Magnus Hiie** *Intellektijuhtimine professionaalsete teenuste ettevõttes* *Helmese näitel* (M. Zernand)

Bakalaureusetööd

- 12:05-12:20 **Triin Lauri** *Haridus - kas signaal turule või taotlus kõrgemale tootlikkusele?* (K. Pöder)
- 12:25-12:40 **Thomas Auväärt** *Immateriaalsete varade olemus, mõiste ja kajastamine* (L. Alver)
- 12:45-13:00 **Anna-Maria Ots** *Raamatupidamise põhimõtted* (L. Alver)
- 13:05-13:20 **Helen Gull** *Raamatupidamise seadustik contra äriseadustik* (L. Alver)

Magistritööd

- 13:25-13:40 **Alar Vasemägi** *Constructing Public Sector Comparator as a Benchmark for Private Bids, Example of Tartu Prison* (Ü. Pihlak)
- 13:45-14:00 **Tõnu Palm** *Implementation of VAR Model in Management of Liquidity Portfolio* (M. Avarmaa, A. Vesilind)
- 14:05-14:20 Töötab žürii (Sirje Keevallik, Jaan Alver, Tiit Elenurm, Jaan Ennulo, Kaire Pöder, Anna Laido, Maris Zernand, Lauri Leitorp)
- 14:20 Tulemuste väljakuulutamine ja autasustamine

Ethical Issues in Transition Society

Tallinn, EBS, 9-10 May 2002

Thursday, 9 May

12.00 Welcome

Anu Virovere, EBS

12.15 Ethical problems in post-soviet countries (Estonia's example)

Kiira Kure, HR Manager, Coca-Cola Beverages, Estonia

13.00 Lunch

14.00 Ethics problems in organisations and corruption in Lithuania
Raminta Pucetaite, Alexander Vasiljev, Centre of Business Ethics,
Vilnius University

15.00 Ethical aspects of decision-making, ethics as managers competence
Mari Kooskora, EBS

15.45 Business ethics program components. Introduction of a book
Defining Moments: When a manager has to choose between right and
right
Erika Saks, Marketing Manager of Hansa Capital Group

Friday, 10 May

10.00 Aristotle and Kant's central ideas of the necessity of dialogue and
thinking from the perspective of the other person
Siobhan Kattago, Concordia University

10.45 Ethics and values in organisations - words and deeds processes
Merita Mattila, Lappeenranta University of Technology

11.30 Value-orientations of managers and business students
Jaan Ennulo, EBS

13.00 Lunch

14.00 Ethical aspects of privatisation
Kätlin Klippberg, EBS

14.30 Ethics at the workplace
Aile Anslan, EBS, **Airi Aunbaum**, Securitas Eesti AS

Eutrophication and Pollution in the Baltic Sea Basin
**A Workshop prior to the 13th BALTEX Science Steering
Group meeting,
Estonian Business School - Centre for Baltic Studies
17 June 2002**

Chair: Sirje Keevallik, EBS, Tallinn

14.00 *Introduction*

Hartmut Grassl, Max-Planck-Institute for Meteorology, Hamburg,
Germany

**14.10 *Research priorities for HELCOM monitoring and assessment
purposes***

Juha-Markku Leppänen, HELCOM Secretariat, Helsinki, Finland

**14.35 *Regional eutrophication management - status and challenges.
Experiences from the Baltic Co-operation BERNET***

Mogens Michael Möller, Fyns Amt, Odense, Denmark

**15.00 *Sustainable development of the industrial sector in the Baltic Sea
region***

Ingvar Wängberg, IVL Swedish Environmental Research Institute,
Göteborg, Sweden

**15.35 *Modelling and experimental approaches in Baltic Sea biochemical
research***

Bernd Schneider, Institute for Baltic Sea Research IOW, Warnemünde,
Germany

16.00 Break

**16.20 *Persistent Organic Pollutants (POPs) in the Baltic Sea: Sources,
pathways, fate and environmental and socio-economic impacts***

Jozef Pacyna, Norwegian Institute for Air Research NILU, Kjeller,
Norway

**16.45 *Long-term historical reconstructions and future scenario predictions
of anthropogenic substances transported in the atmosphere***

Mariza Cabral, GKSS Research Centre Geesthacht, Germany

17.05 *Fluxes of mercury in the Southern Baltic Sea*

Ingvar Wängberg, IVL Swedish Environmental Research Institute,
Göteborg, Sweden

17.25 Break

17.40 *Atmospheric fluxes of heavy metals to the Baltic Sea*

Gerhard Petersen, GKSS Research Centre Geesthacht, Germany

18.00 *Nitrogen flux to the Baltic Sea: Uncertainties and significance to eutrophication*

Marke Hongisto, Finnish Meteorological Institute FMI, Helsinki,
Finland

18.20 *Air-sea exchange processes as atmospheric contribution to marine eutrophication*

Lise-Lotte Sørensen, Risø National Laboratory, Roskilde, Denmark

18.40 Concluding discussion and closing the workshop

EBSi IV Vilistlaskonverents

29. november 2002

Kas töötan selleks, et elada või elan selleks, et töötada?

- | | |
|---------------|--|
| 14.00 - 14.10 | Rektori tervitus |
| 14.10 - 14.40 | Töö olevat teinud ahvist inimese? <i>Professor Tiit Made, EBS</i> |
| 14.40 - 15.00 | Kas perfektsionism on edu alus? <i>Ruth Alas, EBSi juhtimise õppetooli juhataja kt.</i> |
| 15.00 - 15.20 | Eetika töösuhetes - kui palju nõuda on eetiline. <i>Mari Kooskora, EBSi lector</i> |
| Kohvipaus | |
| 15.40 - 16.00 | Tippjuhi võimalused stressiga toimetulekuks. <i>Jaan Pillesaar, AS Helmes, tegevjuht</i> |
| 16.00 - 16.30 | Kui palju stressi on liiga palju? <i>Taimi Elenurm, EE personaliosakonna juhataja</i> |



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