

Distinctions Among Accreditation Agencies For Business Programs

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ABSTRACT

Over the past twenty years, business accreditation has become a growth industry. In 1988, some eleven percent of business programs were accredited by an accrediting body devoted solely to business program accreditation. Today, over forty-two percent boast of such external validation of their programs. Although the three principal accrediting agencies all profess to uphold the highest academic standards, marked differences exist. The ACBSP and IABSP share certain qualities that distinguish them from AACSB. However, the AACSB brand, long synonymous with the biggest and the best, remains unchallenged.

BACKGROUND

In less than twenty years, the landscape for business program accreditation has undergone radical transformation. Until 1988, only one business program accreditation existed – the American Assembly of Collegiate Schools of Business (AACSB), now called AACSB International – the Association to Advance Collegiate Schools of Business International. At that time, only 260 of the some 2,400 institutions with business programs had their business schools and programs accredited, an accreditation administered by only AACSB. Many of the remaining 2,140 institutions felt that an alternative organization with an accreditation philosophy more attuned to the missions of their institutions should be created to satisfy their business accreditation needs. Most of the 2,140 institutions had (and still have) as their primary, student-oriented objective excellence in teaching as opposed to a heavy emphasis on research. Into this breach emerged the Association of Collegiate Business Schools and Programs (ACBSP), and the International Assembly of Collegiate Business Education (IACSE). As of December, 2006, the ACBSP had 305 accredited members and 54 candidates for accreditation (acbsp.org); the IACSE has 165 accredited members and 18 candidates for accreditation (iacbe.org).

All the while, AACSB continued to grow. One catalyst for growth was AACSB's initiation of accounting accreditation in the early 1980s. Another was a change in accreditation standards in the early 1990s from universal standards to "mission-linked" standards. These standards evaluated each school against its expressed mission, and focused on processes of monitoring continual improvement (AACSB, 1999; Castile and Davis-Blake, 2002). This change alone had significant implications for the accreditation process. Previously, the majority of AACSB membership was unaccredited. Adoption of more flexible mission-linked standards made accreditation a doable proposition for many unaccredited business programs. Only two years after the change, forty percent of the unaccredited programs in the Castile and David-Blake sample were considering accreditation. This change could have been in response to the competition from the ACBSP, making it more possible for teaching-oriented institutions to receive accreditation (Henninger, 1998; McKenna, et.al., 1995). Since 2002, the number of AACSB-accredited members has increased from 380 to 540, a forty-two percent growth rate.

In August of 1992, ACBSP was recognized by the U.S. Department of Education as a specialized accreditation agency for business education. That recognition continued through April, 1996, when the Department of Education changed its policies to recognize only those agencies that impacted the distribution of federal funding. To fill the resulting void for a national body to recognize accrediting agencies, the Council for Higher Education (CHEA) was created in 1996. At its meeting on January 22, 2001, the CHEA Board of Directors reviewed the recommendations of the CHEA Committee on Recognition regarding the recommendation and recognized both ACBSP and AACSB (but not IACSP).

Concurrent with the growth, and eventual saturation, of accreditable North American institutions was the increased growth and diversity of non-North American business programs. Non-American accreditation bodies were often not directly applicable to business schools, particularly MBA programs, which often began “outside or on the margins” of national university systems (Hedmo, et al., 2001). Many non-American business schools are unaffiliated with the established university systems. Examples include INSEAD (France), IMD (Switzerland), INCAE (Costa Rica), and Instituto de Empresa (Spain). Others, in France for example, are partially funded by local chambers of commerce. In this competitive and ambiguous context, accreditation was seen as an important means of affirming quality to attract students.

Increased competition among business programs, and the growing complexity in the types of programs offered, led non-U.S. schools to look to accreditation as a means of reducing ambiguity and gaining strategic advantage (Castile and Davis-Blake, 2002; Hedmo, et. al., 2001; Oliver, 1991).

At the same time AACSB was reaching limits in domestic growth of research-oriented programs, challenges to its role in business education began to arise. First, there was increased criticism of North American business education. These criticisms included a report from the Carnegie Commission, as well as articles in the popular and business press. The AACSB itself acknowledged many of these criticisms in the Porter-McGibbon Report (1988), which highlighted the inflexibility of the AACSB model in the context of the diverse missions of business programs and diverse student demands. The mission-linked model adopted by AACSB was a response to these pressures.

The changes in accreditation standards from research-centered to mission-driven raise two issues for legitimacy. First, the perception of weaker standards could have a negative impact on the perceived value of accreditation. A dominant theme in AACSB promotional information is the rigor of the accreditation process and the prestige of AACSB business schools. Corcoran (2006) finds no diminution in program quality from the viewpoint of faculty resulting from the change to mission-based standards.

Second, recent internationalization efforts have required a paradigm shift from AACSB’s traditional definition of “quality” with the diversity of non-North American business programs (Durand, McGuire, 2005).

There is an established literature on the benefits of business accreditation. Accreditation provides stakeholders with certification that a program meets or exceeds minimum standards of excellence (MacKenzie, 1964; Pastore, 1989), ensures a uniformity of educational standards (Stettler, 1965), and helps high quality students identify high quality programs (Pearson, 1979; Posey & Parker, 1989). AACSB accreditation has been shown to influence positively the employment prospects of accounting graduates (Hardin & Stocks, 1995).

Business accreditation also affects a number of factors important to business faculty and administrators. Levernier and Miles (1992) compared AACSB-accredited business programs with programs that were not AACSB accredited and found that AACSB accreditation had a positive effect on professors’ salaries and increased cross-disciplinary salary differentials. AACSB accreditation also increases the importance of certain forms of scholarly activity (Srinivasan, Kemelgor, & Johnson, 2000). A survey of deans by Roller, Andrews and Bovee (2003) found that AACSB is the most prestigious of the associations, not only because it is the oldest and largest of the three, but also because of its promotion of excellence in research.

RESEARCH OBJECTIVE

This study seeks to identify if the market for business accreditation has evolved into distinct segments. In terms of membership, segmenting seems to exist. Few programs belong to more than one accrediting body. For instance, no AACSB-accredited member holds accreditation in either ACBSP or IACBE. Only eleven of the 470 members of the ACBSP and the IACBE hold accreditation through both bodies. No program is accredited by all three bodies.

On the basis of mission alone, distinctions are elusive. Terms such as “quality,” “best practices,” and “excellence” (AACSB, ACBSP, and IACBE, respectively) do little to distinguish these entities. See table 1.

Table 1: Accreditation missions

AACSB	AACSB International advances quality management education worldwide through accreditation and thought leadership.
ACBSP	ACBSP develops, promotes, and recognizes best practices that contribute to continuous improvement of business education and accredits qualified business programs.
IACBE	The purpose of the IACBE is to promote and recognize excellence in business education in colleges and universities—at both the undergraduate and graduate levels—through specialized accreditation. Institutions, students, employers, and the general public all benefit from the external verification of quality provided through the IACBE's accreditation process. They also benefit from the process of continuous quality improvement that is encouraged by the IACBE's developmental approach to promoting excellence in business education.

The survey of Dean's attitudes, as noted above by Roller, et al, highlights perceptual differences. This research looks at data typifying important dimensions. The following quantitative indicators are used to determine distinguishing characteristics among the three accrediting bodies. Data were taken from the U.S. News and World Report's 2006 Ultimate College Guide (2005) and the 2006 College Handbook. The data is not business-program specific, reflecting instead characteristics of the larger university, of which the business program is a part.

- Admission rate – the percent of applicants admitted to the university.
- SAT – score on the Scholastic Aptitude Test
- Percent of faculty with a terminal degree
- Student/faculty ratio
- Graduation rate (six year)
- Size of student body
- Tuition

FINDINGS

Thirty institutions belonging to each association were randomly chosen. A one-way analysis of variance (ANOVA) was performed. Significant mean value differences are highlighted in Table 2:

Table 2: Mean values, standard deviations, and significant differences (.05 level)

Variable	M	SD	Sig. P values
Percent acceptance rate	AACSB = 68.30 ACBSP = 73.66 IACBE = 75.07	12.92 14.43 11.97	AACSB and IACBE = .049
SAT score	AACSB = 1100.90 ACBSP = 1005.97 IACBE = 1005.36	73.95 98.32 62.43	AACSB and ACBSP = .000 AACSB and IACBE = .000
Percent of faculty with terminal degree	AACSB = 84.90 ACBSP = 70.40 IACBE = 69.52	8.01 11.30 14.26	AACSB and ACBSP = .000 AACSB and IACBE = .000
Student/faculty ratio	IACBE = 14.77 ACBSP = 14.97 AACSB = 17.27	3.06 2.74 3.18	AACSB and IACBE = .002 AACSB and ACBSP = .004
Six-year graduation rate (percent)	AACSB = 54.33 IACBE = 47.10 ACBSP = 46.13	12.23 13.26 14.70	AACSB and ACBSP = .020 AACSB and IACBE = .040
Size of student body	AACSB = 9796 ACBSP = 2369 IACBE = 1722	6432 1439 1370	AACSB and IACBE = .000 AACSB and ACBSP = .000
Tuition (dollars)	ACBSP = 14343 IACBE = 16047 AACSB = 17403	4900 4809 5067	AACSB and ACBSP = .019

As can be discerned from Table 2, several major distinctions exist between AACSB and the other two accreditation bodies. AACSB-accredited institutions can boast of higher SAT scores, a greater percent of faculty with a terminal degree, and a better six-year graduation rate than either ACBSP or IACBE accredited institutions. AACSB institutions are also much larger than institutions belonging to the other two bodies. AACSB institutions are more selective in terms of acceptance rate compared to IACBE institutions. On the other hand, AACSB institutions have the largest class size and charge the highest tuition, as compared with the other accreditation bodies.

CONCLUSION

In the last twenty years, business school accreditation has accelerated greatly. The emergence of ACBSP and IACBE do not seem to pose a threat to the standard-bearer role of AACSB. Nonetheless, these relative newcomers may fulfill a market need. Programs affiliated with both may offer lower tuition and smaller class size than AACSB-accredited programs. A more compelling question is whether ACBSP and IACBE can *both* survive long-term. Their members seem quite similar. Could their resources be marshaled more effectively as one entity? Regardless, AACSB's stature as the premier business accreditation body appears to remain unchallenged.

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