

The Ethics of AACSB Accreditation: Unintended Consequences

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Abstract

This paper discusses some of the issues involved in pursuing AACSB accreditation. It also describes why AACSB accreditation is not necessarily a measure of quality. Suggestions on how to improve AACSB accreditation are provided.

Keywords: AACSB accreditation, college rankings, predatory journals, best colleges, worst colleges, conflict of interest, safe work environment.

AACSB Accreditation for a Business School

AACSB (Association to Advance Collegiate Schools of Business) accreditation is supposedly the gold standard for business schools; it is especially important for institutions that offer an MBA degree. Unfortunately, the list of AACSB-accredited schools is slowly morphing into something that resembles a regional higher education accreditor such as the Middle States Association of Colleges and Schools. The schools on the AACSB list include Ivy League schools such as Columbia and Harvard, highly-rated non-Ivy League schools such as New York University, as well as some unexceptional – even mediocre – business schools (<http://www.aacsb.edu/accreditation/accredited-members/global-listing>). At some schools, faculty must publish in the top three journals in the discipline and at others anything listed in Cabell's (<https://www.cabells.com/>) is fine. At some AACSB-accredited colleges, faculty publish in predatory journals to maintain “Scholarly Academic” status (Predatory journals charge high fees to authors for publication and are often considered to have low (or no) standards for acceptance of articles. Many engage in various kinds of fraud. See Beall's for list of such journals: <https://scholarlyoa.com/>).

The workload at some AACSB-accredited colleges is nine credits of teaching a year and at others it is 21 credits. How can this be? The reason for this is that AACSB attempts to determine whether a business program meets the mission the college has established for itself. Yes, every school decides on its own mission. This means that each of the AACSB-accredited colleges and universities may have very different goals and standards in terms of research and teaching quality. This statement about AACSB accreditation from Bob Reid explains how the process works:

Bob Reid, AACSB's chief accreditation officer and a former dean at James Madison University's business school, says the group now assesses schools in the context of their individual missions, rather than against a common standard (Korn, 2013).

One can imagine what it would be like if hotels were rated using a mission-based approach. Each hotel could have its own mission statement with its own unique goals. As long as you satisfied the requirements of the mission statement, you get five stars. In actuality, hotel star ratings range from one to five. A five-star hotel has to meet very high standards that include “sophisticated architecture and decor, excellent restaurants and lavishly sized rooms” (<http://traveltips.usatoday.com/hotels-star-rated-21440.html>; <http://www.consumerreports.org/cro/magazine-archive/2011/january/shopping/hotel-ratings/hotel-star-ratings/index.htm>). The obvious question is why AACSB uses such an unusual approach.

One reason AACSB adopted a mission-based approach was to meet a perceived threat from other accrediting bodies (Hunt, 2015; Korn, 2013). This enables AACSB to enlarge the number of AACSB-accredited schools and earn more in fees. According to Korn (2013), in fiscal 2011, AACSB earned more than \$5 million in accreditation fees, \$3.2 million in dues, and additional revenues from attendance at annual conferences and seminars.

Of course, as the number of schools with AACSB accreditation increases, it no longer means as much. The Dean at Georgetown University’s School of Business, David Thomas, stated: “The presence of accreditation doesn’t differentiate you [as an elite school], but the absence of it does cause more noise and questions.” According to Avjit Ghosh, a former Dean, “For many original institutions, it’s not clear what the value of [accreditation] is any longer” (Korn, 2013). One former AACSB board member and Dean at a top-tier school stated:

"Accreditation is a signal of quality. And if you accredit everyone, it's not a signal anymore"
(Korn, 2013).

Moreover, pursuing AACSB accreditation may be a disaster for a college that has serious problems that include decaying and decrepit infrastructure with health and safety problems, primitive classrooms, mushrooming class sizes, and administrative bloat. If AACSB is being used as a way for a college president or provost to brag that their school has achieved this “prestigious” accomplishment, it may cause more harm than good. The cost of achieving AACSB accreditation can be as high as \$10 million or more. Spending scarce funds on accreditation and ignoring the infrastructure is not a wise move. It often encourages colleges to juke the numbers. Queens College of the City University of New York (CUNY) decided that the millions it would cost to achieve AACSB accreditation was not worth it given that money was needed for other purposes. Queens College has an excellent reputation and its college ranking according to *US News & World Report* is #38 among Regional Universities North with an overall score of 64/100 (<http://colleges.usnews.rankingsandreviews.com/best-colleges/queens-college-2690/overall-rankings>). Iona College has AACSB accreditation for its business program but according to *US News & World Report* it ranks #75 among Regional Universities North with an overall score of 55/100 (<http://colleges.usnews.rankingsandreviews.com/best-colleges/iona-college-2737>). William Paterson University of New Jersey has AACSB accreditation and ranks #104 among Regional Universities North with an overall score of 48/100 (<http://colleges.usnews.rankingsandreviews.com/best-colleges/william-paterson-2625>). The University of Southern Mississippi and Shenandoah University have AACSB accreditation with overall scores of 24/100; the overall score for Harvard University is 98/100. Evidently, there are huge differences in quality among the schools on the AACSB list.

One list of “America’s 32 worst colleges” in 2015 is based on ten measures that include return on investment, overall academic rating, professor quality rating, graduation rate (percentage of students that graduate in four years), as well as non-academic measures such as social life and campus quality. Eight out of the 10 worst colleges on the list have AACSB accreditation for their business programs (Owens, 2015). Incidentally, creating lists of the worst colleges is much more difficult than creating one consisting of the best colleges. Miller (2014) asserts:

Creating a list of the worst colleges also requires making judgments about the importance of different problems in higher education. For example, a worst colleges list has to decide whether a high-student-debt college with a so-so graduation rate should be ranked higher or lower than a cheaper option with minimal debt but even fewer completers. The Obama administration is currently grappling with exactly these problems as it works to create a credible federal college ratings system that could potentially identify colleges so bad that they lose eligibility for financial aid (Miller, 2014).

Miller concludes that we should not deceive ourselves into believing that all American institutions of higher education are of high quality. Focusing on lists of best colleges allows the weak institutions to stay under the radar. These are schools “where students are unlikely to graduate and prices, debt levels, and student loan default rates are high” (Miller, 2014).

How to Game the Statistics to Obtain AACSB Accreditation

Colleges and even law schools use all kinds of statistical gimmicks to improve various ratios. One law school hired its own graduates for menial jobs including working in the library to boost the percentage of students finding employment after graduation and thereby improve its rankings (Whelan, 2012; Milne-Tyne, 2014). There are many other ways to game the statistics to improve the reputation of a school (Bush & Peterson, 2013; Friedman & Raphan, 2013; Stake,

2006). Unfortunately, the same is being done with AACSB metrics. For example, one important ratio used by AACSB deals with the ratio of full-time to part-time faculty. Ideally, a college should not have too many part-time faculty members. However, this ratio can be manipulated by using substitute instructors or visiting professors, who are full time but temporary. Leventhal-Weiner (2015) has asserted that the increase in the number of visiting professors, rather than hiring faculty on tenure-track lines, is a scam that harms students and institutions. It is a lot cheaper to employ visiting professors but they are not as committed to the institution since they are temporary.

Substitute lines at the City University of New York (CUNY) are 6-month appointments for a maximum of two years. Technically, substitute instructors are full time (at CUNY they teach 30 credits a year) but they are essentially “glorified adjuncts.” They know that they are on a line that does not lead to tenure or other secure long-term employment so there is little incentive for them to dedicate themselves fully to the college. They generally are on a lower pay scale than tenured/tenure track faculty. To treat them as full-time faculty in the ratios for AACSB reporting is unethical.

Another way to juke the statistics is to have full-time faculty teach extremely large classes to help the ratios. Large classes may be acceptable for some courses and with the right kind of instructors and students. However, in colleges where students lack basic writing, computer, and quantitative skills, small classes are more effective than jumbo ones. We spoke with one professor (who wishes to remain anonymous) at a nearby college who teaches approximately 850 students in an on-line course. She expressed her concern about student learning outcomes. We believe this was done by the college purely for fiscal reasons without a care for student learning. At one college, statistics is being taught in a class of 120 students.

Statistics is often a difficult course for students. When classes are overly large it is difficult for students to interact with a professor and have their questions answered. This impedes learning.

AACSB allows faculty to set standards in research and education for their own institutions. However, anecdotal evidence suggests that there is a tendency for colleges that are trying for accreditation to copy other colleges that already have accreditation. This ensures that many colleges will not build on their unique strengths or see what works best for its students. At several AACSB-accredited colleges, research is overvalued and teaching undervalued. This results in hiring instructors who can publish in so-called “A” or “B” journals but who are often ineffective in the classroom. Students who have trouble with writing need teachers who can teach them to be effective communicators, not instructors who can publish in prestigious journals. In fact, Cederström & Marinetto (2016) posit that “being a disengaged teacher is nothing to be ashamed of at a research university.” They claim that teaching material that engages students or writing articles that are actually read are not rewarded. Moreover, “bad prose is not necessarily a disadvantage when making an academic career” (Cederström & Marinetto, 2016). They also assert that much academic writing is something very few people care about. This may be why journal articles are read by very few people. One scholar estimated that the average journal is read by seven people (Lambert, 2007).

AACSB is concerned with outcomes assessment; the goal is to make sure that learning takes place. Schools, however, decide on which learning goals to assess. There is no guarantee that the goals selected are necessarily the ones that are most important for a particular school. One would think that we should see recommendations from AACSB that include smaller classes and hiring professors that know how to teach; this is rarely the case. AACSB has rightfully made a push for students to be taught business ethics. John J. Fernandes, president of the Association

to Advance Collegiate Schools of Business (AACSB), stated that schools of business have overemphasized the importance of profit maximization, producing corporations that have no souls (Mangan, 2006). Despite this, one doubts that AACSB has encouraged colleges to create an ethics hotline. In fact, AACSB itself should have an ethics hotline to discourage member colleges from manipulating statistics.

We have also seen cases of faculty being hired with ‘terminal’ degrees from dubious (unranked or very low ranked) institutions just to meet AACSB required ratios for faculty with doctoral degrees. For accounting in particular, practical experience and the ability to teach are considerably more important than the ability to write a dissertation in an obscure area of marketing, management, economics, or finance. Despite this, many colleges will seek out affordable accounting faculty with foreign doctorates and no practical accounting experience in the belief that having these ‘doctoral’ faculty will resolve their issues with faculty ratios. In some cases the quality of teaching will suffer. The proof is that CPA Examination passing rates are falling for one particular institution that has played this game. (We won’t embarrass this institution but you can contact us the authors for specifics.) Hiring faculty whose doctoral training is inadequate has its issues. The result is publications in third-rate and predatory journals and/or articles that do not contribute to the body of knowledge.

Other Concerns with AACSB accreditation

At one college pursuing AACSB accreditation, faculty were told to publish in narrow areas of business such as marketing, finance, or management since the college wanted to create separate departments for each of these areas. This approach does not work if faculty are interdisciplinary and disciplines are converging. Disciplines have been converging for more than

two decades. Klein (1996: 42) claims that there is more “boundary crossing and interdisciplinary activity” today than in the past. Edwards (1999) maintains that “in so many cases, the most provocative and interesting work is done at the intersections where disciplines meet, or by collaborators blending several seemingly disparate disciplines to attack real problems afresh.” Klein (1996: 191) also asserts: “Almost all significant growth in research in recent decades, the committee [National Research Council] concluded, has occurred at the ‘interdisciplinary borderlands’ between established fields.” Despite this, many colleges pursuing AACSB accreditation have been guilty of creating more academic departments, not fewer. Furthermore, dictating that faculty can only research and publish in narrow areas of study and/or specifying which journals they can publish in may be a violation of academic freedom.

There are many other examples how going for AACSB accreditation can cause vast expenditures on window dressing that has no positive impact on student learning. Once a college is doing a stellar job teaching students valuable skills in up-to-date facilities, AACSB accreditation is an additional benefit that should definitely be pursued. Otherwise, it is a waste of resources and encourages colleges to game the metrics rather than improve quality. This is reminiscent of irregular accounting practices that eventually ended up destroying companies (e.g., Enron, Crazy Eddie, ZZZZ Best, Lehman Brothers) and having fallout that affected many others.

It also reminds one of the role played by credit rating agencies such as Standard & Poor’s and Moody’s in the Great Recession of 2008. At one time the credit agencies made their money by charging subscription fees to those who used their ratings guide (investors). At some point they changed their business model in order to increase revenues and started charging the companies for their own credit ratings which created a conflict of interest. Because of the

conflict of interest — they made huge profits by providing good ratings to complicated securities — the credit rating agencies gave top ratings to highly-risky collateralized debt obligations consisting of sub-prime mortgages (Fitzgerald, 2014; Krantz, 2013). In 2013, the United States Department of Justice filed a lawsuit against Standard & Poor's for providing superior ratings for substandard mortgage-backed securities and thereby defrauding investors. Efung & Hau (2013) present data that supports the view that the ratings were indeed biased because of the conflict of interest.

The US complaint alleges that Standard & Poor's presented overly optimistic credit ratings as objective and independent when, in truth, Standard & Poor's downplayed and disregarded the true extent of credit risk... According to the plaintiff, Standard & Poor's catered rating favours in order to maintain and grow its market share and the fee income generated from structured debt ratings. In support of these allegations, the complaint lists internal emails in which Standard & Poor's analysts complain that analytical integrity is sacrificed in pursuit of rating favours for the issuer banks (Efung & Hau, 2013).

Ways to Improve AACSB Accreditation

AACSB accreditation can be more meaningful. The following are some suggestions to accomplish this.

Substitute and visiting faculty lines should not be considered as full-time in computation of ratios. Only faculty that have at least a five-year commitment from their institutions should be considered full time.

There should be a common minimum standard that must be met before a school is permitted to apply for AACSB accreditation. This standard should consider such factors as return on investment, professor quality rating, overall academic rating, graduation rate, faculty workloads, office space, condition of the physical plant, technology in the classroom, student

satisfaction, and job satisfaction / employee engagement. It is disconcerting when schools that are considered among the worst colleges in the country have business programs that are AACSB accredited.

Schools with too much administrative bloat should not be allowed to apply for accreditation; bloat is a serious problem and harms the quality of education and results in high tuition (Friedman & Friedman, 2016; Ginsberg, 2014; Marcus, 2014; Greene, Kisida & Mills, 2010). A college with sub-standard facilities or classrooms that are not computerized should first be required to upgrade before pursuing AACSB accreditation. It makes no sense for a college to pursue AACSB accreditation when the campus is unsafe and falling apart (Grassman & Shortell, 2016; Frangipane, 2016). When pieces of metal fall from a crumbling ceiling and injure an adjunct, it may be time to repair the physical plant, not go for unneeded accreditations (Campbell, 2016).

There should be at least two tiers of AACSB-accredited schools. The teaching schools that have 18-plus credit annual workloads and are satisfied with any journal listed in Cabell's should be on one list. Schools with, say, a 12-credit or less annual workload that requires publications in "A" journals should be on a different list. There are some excellent three-star hotels but they are not on the same list as the five-star hotels.

AACSB should attempt to determine whether jumbo classes enhance or undermine business education. As noted above, with the right kind of technology and with teaching assistants, large classes may work. At colleges where students need a great deal of help with basic writing skills, classes should be small and focus on writing. Jumbo sections should not be allowed if the purpose is to save money or to game the statistics.

There should be some flexibility in selecting learning goals; the current situation, however, is ludicrous. Some colleges purposely choose learning goals that are easy to measure. In addition, the instruments used do not have to be tested for reliability and validity. Faculty at several schools openly admit that the entire process is unproductive and does not ensure that learning has actually taken place. Perhaps, AACSB should decide on 3 or 4 learning goals and suggest how they could be measured. Individual colleges should be allowed to select two or three other learning goals.

Only schools with ethics hotlines should be considered for AACSB accreditation. There have been too many scandals involving college administrators (Scott, 2016; Schmidt, 2016; Snyder, 2013). New York Governor Cuomo has vowed to eliminate fraud and waste at CUNY and SUNY and is appointing two inspector generals for the two large systems (Conley, 2016). Fraud and waste are becoming problems at colleges and universities all over the country. A floor to AACSB accreditation should be that the school is run in an ethical manner. This also includes running classes in a safe work environment.

Conclusion

Bruni (2016) discusses the problems of college rankings. He quotes the economist Jonathan Rothwell who worked on a method to improve rankings. Rothwell came up with a system that rewarded colleges with better rankings if their graduates did better than would be predicted based on students' backgrounds. He referred to this as a "value-added" ranking. Rothwell concluded that "even the best rankings were flawed. They don't measure learning outcomes and it seems to us that should be the chief goal of higher education; to teach people." This is what AACSB must focus on: Are students learning and do faculty care about teaching?

Focusing on AACSB accreditation or any kind of ranking may cause an institution to forget about its core values. The purpose of higher education is not to hire administrators to help with gaming the numbers. Ultimately, the best institutions are those in which students learn real skills and develop a passion for education and lifelong learning. In addition, education also has to be about character. Back in 1947, the Reverend Martin Luther King, Jr. wrote: “Intelligence plus character — that is the goal of true education” (Morse, 2016). Seven decades later, colleges are still trying to determine what a good education is all about.

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