

# **A COMPARISON OF AACSB, ACBSP, AND IACBE ACCREDITED U.S. BUSINESS PROGRAMS: AN INSTITUTIONAL RESOURCE PERSPECTIVE**

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## **ABSTRACT**

*Accreditation is a means by which business programs can assure accountability and quality to their stakeholders. However, attaining and maintaining accreditation can be a costly endeavor. The Accreditation Council for Business Schools and Programs (ACBSP), the Association to Advance Collegiate Schools of Business (AACSB), and the International Assembly for Collegiate Business Education (IACBE) differ with respect to the cost of accreditation and the rigidity and rigor of their accreditation guidelines. Therefore, we hypothesize that institutional resources may be a determining factor in the choice of accreditor. Our results provide compelling evidence to support our hypothesis. Public institutions are more likely to have AACSB-accredited business programs, whereas private institutions are more likely to have ACBSP- or IACBE-accredited business programs. Research institutions are more likely to have AACSB-accredited business programs, whereas master's and baccalaureate institutions are more likely to have ACBSP- or IACBE-accredited business programs. Institutions with AACSB-accredited business programs have the most assets and equipment, generate the most revenue overall and from all revenue sources examined except tuition and fees, expend the most on instruction, pay the highest professor salaries (at all ranks), and they have the most personnel (both total staff and instruction/research and public service staff) and students.*

**JEL:** I20; I21

**KEYWORDS:** Higher Education; Business Education; Accreditation; AACSB; ACBSP; IACBE

## **INTRODUCTION**

**B**usiness education and higher education in general face criticism on several fronts and are subject to increasing scrutiny. Enrollment and tuition are up, yet the benefits of higher education are suspect. Pringle and Michel (2007) advised that “state legislators, parents, taxpayers, and donors want universities to justify their investments by providing evidence of student learning” (p. 202). This justification seems warranted given Arum and Roksa’s (2011) compelling evidence demonstrating that undergraduate students are learning little, partly because of the lack of rigor at institutions of higher education. In addition, possessing an MBA degree and the mastery of MBA subject matter (i.e., grade point average) are uncorrelated with career success (Pfeffer & Fong, 2002). Business schools are at a crossroads and it is time to seriously rethink or redesign business education (Datar, Garvin, & Cullen, 2010). The *Wall Street Journal* recently reported that corporate recruiters are questioning the value of the undergraduate business degree and “they’re looking for candidates with a broader academic background” (Korn, 2012).

In light of these criticisms, it would be prudent for business schools to assure their stakeholders of quality and accountability. Accreditation is one method of holding a program or institution accountable and demonstrating that the program/institution meets at least a minimum quality threshold. The Council for Higher Education Accreditation (CHEA) defines accreditation as “a process of external quality review created and used by higher education to scrutinize colleges, universities and programs for quality assurance and quality improvement” (Eaton, 2011, p. 1). Accreditation serves several roles, two of which

include “assuring quality” and “engendering private sector confidence” (Eaton, 2011, pp. 2-3). CHEA indicates that “accreditation in the United States is about quality assurance and quality improvement. It is a process to scrutinize higher education institutions and programs” (Eaton, 2011, p. 11).

The goal of CHEA is to assure “that accrediting organizations contribute to maintaining and improving academic quality” (Eaton, 2011, p. 9). CHEA’s role is to review and scrutinize the quality and effectiveness of accreditors and “recognize” them. CHEA does not accredit institutions or programs; rather, CHEA accredits the accreditors. CHEA recognizes 60 institutional and programmatic accrediting organizations, including three that accredit business programs: the Accreditation Council for Business Schools and Programs (ACBSP), the Association to Advance Collegiate Schools of Business – International (AACSB), and the International Assembly for Collegiate Business Education (IACBE).

Attaining and maintaining accreditation may help a business program distinguish itself based on quality. However, accreditation requires a substantial financial investment. Roberts, Johnson, and Groesbeck (2004) indicated that “the annual incremental cost increases for even a small school...can easily exceed \$500,000” (p. 112). Given the sizable financial investment that is required for a business program to become accredited, the support of the broader institution is critical. As Scherer, Javalgi, Bryant and Tukul (2005) explained, “deans cannot achieve the desired objectives without the support of the central administration and adequate resources, which to some degree are governed by the institutions’ central administration. Institutional resources are essential for driving the mission and achieving the goals” (p. 656). Surprisingly, we could not find any research that considers the influence of institutional resources on choosing a business program accreditor. This paper aims to fill that void by analyzing the relationship between institutional resources and choice of accreditor. We will first discuss the direct and indirect costs associated with attaining and maintaining AACSB, ACBSP, and IACBE accreditation. Next, we summarize differences in the guidelines proffered by the three accreditors and how they affect the less visible costs of accreditation. Ultimately, the three accreditors require varying levels of financial commitment. Therefore, we hypothesize that the choice of business program accreditor may depend in large part on the resources of the institution. Statistical analysis provides support for this hypothesis.

## **BACKGROUND AND LITERATURE REVIEW**

All three business program accreditors are international in scope and, not surprisingly, the age of the accreditor is related to the number of programs it accredits. The AACSB is the oldest of the business school accreditors, founded in 1916. The AACSB is also the largest of the accreditors, accrediting 649 programs globally (488 in the U.S.). The AACSB had a monopoly on U.S. business school accreditation until 1988, when the ACBSP was founded. The IACBE is the newest of the accreditors, founded in 1997. There are 391 programs accredited by the ACBSP globally (322 in the U.S.) and 157 programs accredited by the IACBE globally (133 in the U.S.). The financial cost of attaining accreditation is quite substantial for the business program seeking accreditation as well as the institution to which it belongs. The direct costs for obtaining AACSB accreditation include one-time expenses of \$13,000 and an annual \$4,500 accreditation fee (AACSB, n.d.a). The direct costs for obtaining ACBSP accreditation include one-time expenses of \$7,400 and annual expenses of \$2,450 (ACBSP, n.d.a). Finally, the direct costs for obtaining IACBE accreditation include one-time expenses of \$7,500 and annual expenses of \$2,750 (IACBE, n.d.). The AACSB requires re-accreditation on a five-year cycle, whereas the ACBSP and IACBE are on a ten-year cycle. After factoring in the review cycle differences, the direct cost of AACSB accreditation is three to four times the direct costs of IACBE or ACBSP accreditation.

The aforementioned direct costs are the bare minimum. Workshops, conference fees, airfares, meals, and consultant fees can exceed \$50,000 in a modest effort to achieve AACSB accreditation and approach \$100,000 in a more aggressive attempt (Roberts et al., 2004). Furthermore, the direct costs paid to accreditors are only a fraction of the overall financial impact of accreditation. The assessment required

for assurance of learning requires both financial and human resources. The majority of respondents surveyed by Pringle and Michel (2007) estimated that their costs of assessment (e.g., expenses associated with workshops, faculty release time, assessment committee meetings, and software) exceeded \$10,000. Kelley, Tong and Choi (2010) found that many schools have budgets exceeding \$15,000 for implementing the assessment program.

There are also less visible costs such as faculty time and salaries (Lowrie & Willmott, 2009) that require additional financial resources. Several researchers have examined faculty resource requirements of AACSB-accredited programs (we found no research with respect to programs accredited by the ACBSP or IACBE). For example, AACSB-accredited schools have more faculty with terminal degrees than do non-AACSB-accredited schools (Yunker, 1998). Faculty salaries are higher at AACSB-accredited programs (Levernier & Miles, 1992). Bell and Joyce (2011) found differences at all ranks (instructor, assistant professor, associate professor, and full professor) in the state of Missouri; faculty at AACSB-accredited schools earned \$15,593 more on average. Hedrick, Henson, Krieg, and Wassell (2010) found that faculty at AACSB-accredited schools earn approximately 50% more as measured by basic salary; regression analyses controlling for selection bias and institutional and regional factors found quantitatively smaller but qualitatively similar results.

In addition to higher salaries, AACSB-accredited programs provide faculty incentives including training, support staff, stipends, and release time from teaching (Kelley et al., 2010). Faculty in AACSB-accredited schools are reallocating their efforts from teaching and students toward research (Roberts et al., 2004). They have lighter teaching loads (Yunker, 1998), teaching one less course per semester/quarter on average and earning about twice as much as faculty at non-AACSB-accredited programs when measured by pay per course taught (Hedrick et al., 2010). Furthermore, Yunker (1998) found that AACSB-accredited programs have more faculty than non-AACSB-accredited programs. Similarly, Jantzen (2000) found that non-candidate programs have far fewer full-time faculty compared to AACSB-candidate schools. Hedrick et al. (2010) stated that:

*because accreditation is costly, requiring the recruiting and retention of more productive (and hence more costly) faculty, universities with more resources are more likely to seek and obtain accreditation. (p. 289)*

...

*In deciding whether to obtain or maintain AACSB accreditation, university administrators should consider its full cost – which includes the cost of higher paid instructors teaching fewer courses. (p. 290)*

All told, the financial resources required for accreditation can be considerable. Heriot, Franklin, and Austin (2009) collected data from AACSB-accredited programs regarding one-time costs (e.g., use of consultants, mock review, peer-review team, infrastructure upgrades) and increased annual expenditures (e.g., faculty salaries, recruitment, technology, professional development, library holdings and information access, AACSB dues and conference participation). Heriot et al. reported means calculated based on only the schools that incurred the costs. We re-analyzed their results and calculated overall means (including the schools that did not incur costs), and our re-analysis indicates that, on average, the business schools in their sample expended \$31,770 on one-time costs, and increased annual expenditures by \$359,054. Furthermore, one school in Heriot et al.'s sample reported an annual opportunity cost of \$400,000 as a result of program reductions in order to support accreditation efforts. The majority of deans in their sample indicated that they did not fully anticipate the costs that were incurred by the accreditation process. Scherer et al. (2005) described the grim financial reality of accreditation:

*During tough economic times, business schools find it increasingly difficult to fund and sustain programs and attract and retain the highly qualified faculty necessary to meet the expectations of*

*accreditation. Business school deans are feeling the pressure to generate outside funds in the form of gifts and endowments to support programmatic needs. Without adequate funds, support for research, teaching, and continuous quality improvement initiatives cannot be satisfactorily implemented. (p. 659)*

...  
*Second-tier schools are facing pressure to recruit more students for financial reasons...Similarly, these schools do not have the necessary reputation or financial leverage to recruit the best faculty. In preparing for AACSB International accreditation, these factors need to be kept in mind. (p. 664)*

The less visible direct and indirect costs of accreditation may vary by accreditor depending on the rigor of their respective guidelines. Therefore, it is important for institutions to consider the similarities and differences between the accreditors' guidelines. The accreditation guidelines provided by all three accreditors are mission-based. The AACSB changed to mission-linked standards in 1991, whereas the ACBSP and IACBE were mission-based since inception. Many scholars have suggested that the emergence of the ACBSP as a competitor may have been partially responsible for AACSB's change to mission-linked standards (Lowrie & Willmott, 2009; McKenna, Cotton, Van Auken, 1997; Ramey, 1993). The accreditation guidelines proffered by the three accreditors are similar with respect to the overall content and underlying principles. Julian and Ofori-Dankwa (2006) described several similarities in the mission focus of the three accreditors. Furthermore, Ramey (1993) suggested that ACBSP is a clone of AACSB and Lowrie and Willmott (2009) stated that the mission linked approach of AACSB is "emulated by its national competitors, the ACBSP... and IACBE" (p. 412).

The accreditation guidelines of the ACBSP and IACBE, in particular, are very similar to one another (and nearly identical with respect to curricula and scholarship), perhaps because both accrediting bodies were founded by the same person: Dr. John L. Green, Jr. (IACBE, 2011a). Though the contents of the accreditors' guidelines are similar, the rigidity and rigor of the guidelines vary. Before discussing accreditor guideline differences, we should note that the levels of rigidity and rigor of accreditor guidelines are not necessarily related to the quality of the accredited programs. We are not aware of any empirical research demonstrating that business school quality varies with business school accreditor or with the rigor of their corresponding accreditation guidelines. First, accreditor guidelines differ in rigidity. Both the AACSB (2012) and ACBSP (2011a) have more rigid accreditation "standards" that must be met to attain or maintain accreditation. In contrast, the IACBE (2011b) has less rigid accreditation "principles" that should be met. Standards mandate arbitrary thresholds; principles allow for a more flexible continuum of accomplishments (IACBE, 2011b).

Second, accreditors differ in the rigor of the faculty qualification requirements. The ACBSP's definition of "academically qualified" (AQ) faculty is similar to the IACBE's definition of "doctorally qualified" (DQ) faculty, and they both have similar definitions of "professionally qualified" (PQ) faculty. However, the IACBE definitions could be considered less rigorous because they are suggested principles rather than required standards. The ACBSP and IACBE allow for a greater variety of pathways to becoming A/DQ and PQ compared to the AACSB. Therefore, the AACSB has the most rigorous, and the IACBE has the least rigorous definitions of A/DQ and PQ. Third, the required percentages of qualified faculty vary. The AACSB requires at least 90% of the faculty to be AQ or PQ and 50% to be AQ. The ACBSP criteria vary by undergraduate and graduate programs. The ACBSP requires that at least 80% of undergraduate and 90% of graduate credit hours be taught by AQ or PQ faculty. Therefore, the ACBSP's required percentage for overall AQ and PQ faculty is less rigorous than the AACSB's. The ACBSP requires that at least 40% of undergraduate and 70% of graduate credit hours be taught by AQ faculty, and 100% of doctorate credit hours be taught by AQ faculty. The ACBSP faculty qualification standards regarding the percentage of AQ faculty required at the graduate level are more rigorous than the AACSB's standards. However, the ACBSP's standards are less rigorous at the undergraduate level and would be less rigorous

overall because there are typically many more credit hours at the undergraduate level. Overall, the AACSB has the most rigorous requirements regarding the necessary percentages of qualified faculty. The IACBE has the least rigorous requirement, offering the principle that there should be at least one full-time DQ faculty for each program (i.e., major, concentration, or emphasis).

Finally, accreditors differ with respect to the rigor of research or scholarly activity requirements. The AACSB expects a significant portion of intellectual contributions to be peer-reviewed scholarship (see Standard 2), whereas the ACBSP and IACBE are more open to other forms of scholarly activity. In fact, the ACBSP (n.d.b) explicitly acknowledges that AACSB is the premier accreditor for research-oriented programs. In addition, Roller, Andrews, and Bovee (2003) surveyed faculty from AACSB-, ACBSP-, and IACBE-accredited business programs and found that all three groups of faculty rated AACSB the highest with respect to promoting excellence in research. The scholarly activity guidelines of the ACBSP and IACBE are nearly identical, but the ACBSP's guidelines could be regarded as more rigorous given that they are standards rather than principles.

The differences with respect to the definitions and required percentages of qualified faculty and faculty research/scholarly activity are important factors to consider before seeking accreditation, especially given that the AACSB standards related to faculty qualifications, faculty sufficiency, and intellectual contributions are, respectively, the first, second, and fourth most frequently cited reasons for a sixth year review (Flaherty & Trapnell, 2007). Undoubtedly, the more rigid and rigorous faculty qualifications will ultimately result in greater expenses related to faculty salary and support. In fact, deans of both AACSB-accredited and non-accredited schools indicated that AACSB accreditation is not reasonably possible for all schools (Henderson & Jordon, 1990). The magnitude of the required financial resources are not trivial, and the consequences for insufficient financial resources are serious given that financial strategy was the third most frequently cited reason for a sixth year review (Flaherty & Trapnell, 2007).

Financial measures are an important indicator of success for any organization. In the context of higher education, strong financial performance allows the institution and business program to invest in faculty and other resources. Obviously, institutions do not have unlimited resources. The current trend of reduced government funds, for public schools in particular, is creating a strain on the budgets of institutions and business programs and requires them to increasingly rely on grants and endowments for research, teaching, and faculty support (Thomas, 2007). Financial constraints could be a key factor in whether an institution will support the accreditation of its business program and, if so, which accreditor it will choose. If the financial barrier for accreditation varies by accreditor, perhaps institutional resources are related to the choice of business program accreditor. Given the differences across accreditors in both direct and indirect costs, we expect to find a relationship between institutional resources and choice of business program accreditor.

*Hypothesis: Institutions with AACSB-accredited business programs will have the most resources, institutions with ACBSP-accredited business programs will have the second-most resources, and institutions with IACBE-accredited business programs will have the fewest resources.*

## **DATA AND METHODOLOGY**

We obtained lists of AACSB-, ACBSP-, and IACBE-accredited business programs from the accreditors' websites in April, 2012. Institutional data for these business programs' respective institutions were downloaded from the Integrated Postsecondary Education Data System (IPEDS, n.d.) in May, 2012. IPEDS contains data from more than 7,500 institutions surveyed annually by the U.S. Department's National Center for Education Statistics. Institutions that participate in any federal student financial aid program are required to complete the surveys. Our initial sample included all U.S. institutions that had business programs accredited by any of the three CHEA-recognized business program accreditors. Some

institutions with multiple campus locations had IPEDS data that could not be disaggregated at the campus level and, as such, were excluded from the sample. Other institutions with accredited business programs did not have any data in IPEDS and were also excluded from the sample. In addition, 13 institutions that had business programs with dual accreditation were excluded.

The ACBSP accredits associate degree programs, but the AACSB does not accredit associate degree programs, and the IACBE only accredits associate degree programs if the program also offers degrees at a higher level. Therefore, we excluded all schools that had an “Associate’s” Carnegie Classification because these schools could only be accredited by ACBSP; institutional resources do not influence their choice of accreditor. We also excluded some institutions that we considered to be outliers.

We omitted two institutions with a specialized or professional Carnegie Classification not related to business. All retained institutions had a baccalaureate, master’s, research (or doctoral research), or school of business Carnegie Classification. We excluded seven private for-profit institutions because their revenue generation and resource management are quite different from that of public and private not-for-profit institutions. Our final sample contains 741 institutions, including 469 institutions with AACSB-accredited business programs, 153 institutions with ACBSP-accredited business programs, and 119 institutions with IACBE-accredited business programs. We compare the institutions on several variables to determine if there are meaningful statistical differences between institutions with business programs accredited by the AACSB, ACBSP, or IACBE. We first examine institutional characteristics including institutional control/affiliation and Carnegie Classification.

The associations between these variables and the chosen accreditor are tested using the Pearson chi-square test of association. Research institutions are more likely to have more resources than master’s institutions, which likely have more resources than baccalaureate institutions. In addition, public institutions tend to be larger and have more resources than private institutions. Therefore, we expect that research and public institutions would be more likely to have AACSB-accredited business programs and baccalaureate and private institutions would be more likely to have IACBE-accredited business programs. The remaining variables are analyzed using one-way ANOVAs.

We compare means across accreditors with respect to institutional assets (total net, total, and endowment), liabilities, and total core revenue. We also compare end-of-year equipment balance (which includes library collections) because all three accreditors require accredited business programs to have sufficient technology and library resources. In addition, we analyze mean differences with respect to several financial variables calculated on a per full-time-equivalent (FTE) enrollment basis, including total net assets, revenue measures (i.e., total core revenue; government grants and contracts; private gifts, grants, and contracts; tuition and fees; investment return; and other core revenue), and instructional expenses. Human resources variables including personnel headcount (both total FTE staff as well as instruction/research and public service FTE staff) and average professor salaries (both overall and by rank) are also compared by accreditor. Finally, we analyze student variables including FTE enrollment and tuition and fees. Data for all variables were downloaded from the IPEDS. We used the most recent data that were available: all financial data are from the 2009-2010 fiscal year, and all data for the human resource variables and student variables are from the 2010-2011 academic year.

## RESULTS

The Pearson chi-square test of the association between institutional control/affiliation and accreditor is statistically significant,  $\chi^2(4, N = 741) = 194, p < 0.001$ . As shown in Table 1, public institutions are more likely to be AACSB accredited. Private not-for-profit institutions tend not to be AACSB accredited. Those with no religious affiliation are more likely to be IACBE accredited whereas those with religious affiliation are more likely to be ACBSP or IACBE accredited. The proportion of ACBSP schools that are

private not-for-profit with religious affiliation is significantly greater than the proportions that are private not-for-profit with no religious affiliation or public.

Table 1: Association between Institutional Control/Affiliation and Accreditor

		Accreditor			Total		
		AACSB	ACBSP	IACBE			
Institutional affiliation	control/ Private not-for-profit (no religious affiliation)	Count	74 <sup>a1</sup>	18 <sup>a1</sup>	37 <sup>b1</sup>	129	
		Expected Count	81.6	26.6	20.7	--	
		% of Total	10.0%	2.4%	5.0%	17.4%	
	control/ Private not-for-profit (religious affiliation)	Count	71 <sup>a2</sup>	92 <sup>b2</sup>	65 <sup>b1</sup>	228	
		Expected Count	144.3	47.1	36.6	--	
		% of Total	9.6%	12.4%	8.8%	30.8%	
	Public	Count	324 <sup>a3</sup>	43 <sup>b1</sup>	17 <sup>c2</sup>	384	
		Expected Count	243.0	79.3	61.7	--	
		% of Total	43.7%	5.8%	2.3%	51.8%	
	Total		Count	469	153	119	741
			% of Total	63.3%	20.6%	16.1%	100.0%

*This table depicts the descriptive statistics summarizing the association between institutional control/affiliation and accreditor. Each subscript letter denotes a subset of accreditor categories whose column proportions do not differ significantly from each other ( $p < 0.05$ ). Each superscript number denotes a subset of accreditor categories whose row proportions do not differ significantly from each other ( $p < 0.05$ ). The Pearson chi-square test of the association between institutional control/affiliation and accreditor is statistically significant,  $\chi^2(4, N = 741) = 194, p < 0.001$ .*

The association between Carnegie Classification and accreditor was also analyzed using the Pearson chi-square test. There were only four institutions with the “schools of business and management” Carnegie Classification, so these institutions were excluded from the analysis. The chi-square is statistically significant,  $\chi^2(4, N = 737) = 165, p < 0.001$ . As shown in Table 2, research institutions are more likely to be AACSB accredited. Master’s programs are more likely to be ACBSP or IACBE accredited, and Baccalaureate programs are even more likely to be ACBSP or IACBE accredited. Means and standard deviations for the remaining institutional resource variables are shown by accreditor in Table 3.

Mean differences between accreditors are in the hypothesized direction for all variables except “revenue from private gifts, grants, and contracts per FTE enrollment,” “revenue from tuition and fees per FTE enrollment,” and “tuition and fees.” F-tests of overall mean differences are statistically significant ( $p < 0.05$ ) for all variables except “revenue from tuition and fees per FTE enrollment” (see Table 3). We also conducted unweighted polynomial linear contrasts to test for trends in the resource variables across the ordered levels of the accreditor variable (with AACSB = 1, ACBSP = 2, and IACBE = 3). Trends for all variables except for “revenue from private gifts, grants, and contracts per FTE enrollment” and “revenue from tuition and fees per FTE enrollment” are statistically significant ( $p < 0.05$ ).

Levene’s tests of the homogeneity of variances are significant for all variables, so we used Tamhane's T2 for our post hoc tests because it does not assume equal variances. The results of the Tamhane’s T2 post hoc tests show that AACSB and ACBSP means are significantly different ( $p < 0.05$ ) for all resource variables except for “revenue from tuition and fees per FTE enrollment,” and that AACSB and IACBE means are significantly different for all resource variables except for “revenue from tuition and fees per FTE enrollment” and “revenue from private gifts, grants, and contracts per FTE enrollment” (see Table 3). The ACBSP and IACBE means are significantly different ( $p < 0.05$ ) for total net assets, total assets, “revenue from government grants and contracts per FTE enrollment,” “instruction expenses per FTE

enrollment,” and all faculty salary variables (all ranks combined as well as full professor, associate professor, assistant professor and instructor ranks). The rank-order differences for some variables are quite striking. Table 4 depicts the ranks and percentiles of the highest ranked institutions with ACBSP-accredited and IACBE-accredited business programs for a subset of the resource variables.

Table 2: Association between Carnegie Classification and Accreditor

		Accreditor			Total	
		AACSB	ACBSP	IACBE		
Carnegie Classification	Baccalaureate	Count	33 <sup>a1</sup>	46 <sup>b1</sup>	43 <sup>b1</sup>	122
		Expected Count	77.3	25.3	19.4	--
		% of Total	4.5%	6.2%	5.8%	16.6%
	Master's	Count	215 <sup>a2</sup>	97 <sup>b2</sup>	66 <sup>b2</sup>	378
		Expected Count	239.5	78.5	60.0	--
		% of Total	29.2%	13.2%	9.0%	51.3%
	Research	Count	219 <sup>a3</sup>	10 <sup>b3</sup>	8 <sup>b3</sup>	237
		Expected Count	150.2	49.2	37.6	--
		% of Total	29.7%	1.4%	1.1%	32.2%
Total		Count	467	153	117	737
		% of Total	63.4%	20.8%	15.9%	100.0%

*This table depicts the descriptive statistics summarizing the association between Carnegie Classification and accreditor. Each subscript letter denotes a subset of accreditor categories whose column proportions do not differ significantly from each other ( $p < 0.05$ ). Each superscript number denotes a subset of accreditor categories whose row proportions do not differ significantly from each other ( $p < 0.05$ ). The Pearson chi-square test of the association between Carnegie Classification and accreditor is statistically significant,  $\chi^2(4, N = 737) = 165, p < 0.001$ .*

Twenty-five percent or more of the institutions with AACSB-accredited business programs are larger in magnitude (in terms of total net assets, total core revenue, total FTE staff, and instruction/research and public service FTE staff) than the largest institution with an ACBSP-accredited business program. Differences in total net assets per FTE enrollment and total core revenue per FTE enrollment are less pronounced. Taken together, the results provide compelling support for our hypothesis. Institutional resources are related to choice of accreditor.

**CONCLUDING COMMENTS**

Accreditation is a means through which business programs can assure stakeholders of the program’s commitment to accountability and quality. Unfortunately, there is scant empirical research comparing the three CHEA-recognized business program accreditors, so business programs seeking accreditation have little information available to guide their choice of accreditor. Julian and Ofori-Dankwa (2006) provided a narrative summary of some of the strategies and standards of three business program accreditors, but they called for more empirical research. The only prior empirical comparison of accreditors that we are aware of is a survey of faculty perceptions of accreditors (Roller et al., 2003). The goal of our paper was to extend the empirical research through an investigation of the influence of institutional resources on choice of accreditor. Attaining and maintaining accreditation can be a costly endeavor. Given that the AACSB, ACBSP, and IACBE differ with respect to the cost of accreditation and the rigidity and rigor of their accreditation guidelines, we hypothesized that institutional resources may be a determining factor in the choice of accreditor, and our results provided compelling evidence to support our hypothesis. We gathered data from IPEDS with respect to several resource variables for institutions with business programs accredited by the AACSB, ACBSP, or IACBE.

We found that public institutions are more likely to have AACSB-accredited business programs, whereas private institutions are more likely to have ACBSP- or IACBE-accredited business programs. Private not-for-profit institutions with no religious affiliation are more likely to have IACBE-accredited business programs than ACBSP-accredited business programs, whereas private not-for-profit institutions with

religious affiliation do not have a significant difference between IACBE or ACBSP accreditation. We also found that research institutions are more likely to have AACSB-accredited business programs, whereas master’s and baccalaureate institutions are more likely to have ACBSP- or IACBE-accredited business programs.

Table 3: Institutional Resource Mean Differences by Accreditor

Variable	AACSB		ACBSP		IACBE		F	Partial Eta Squared
	Means	SD	Means	SD	Means	SD		
<i>Institution Financial Variables</i>								
Total Net Assets	886.9MM <sup>a</sup>	2,284.3MM	83.1MM <sup>b</sup>	61.2MM	62.6MM <sup>c</sup>	73.7MM	17.2***	0.045
Total Assets	1,378.5MM <sup>a</sup>	3,357.4MM	134.8MM <sup>b</sup>	86.0MM	100.8MM <sup>c</sup>	120.5MM	19.1***	0.049
Endowment Assets	39,250 <sup>a</sup>	121,638	11,340	13,856	9,453 <sup>c</sup>	13,388	7.5***	0.020
Equipment Balance (Including Art & Library Collections)	175.0MM <sup>a</sup>	281.5MM	20.7MM	13.6MM	16.3MM <sup>c</sup>	18.7MM	41.8***	0.102
Total Liabilities	491.6MM <sup>a</sup>	1,139.7MM	51.7MM	43.7MM	38.2MM <sup>c</sup>	58.0MM	20.8***	0.054
Total Core Revenue	459.3MM <sup>a</sup>	643.8MM	58.0MM	34.2MM	48.1MM <sup>c</sup>	60.8MM	53.5***	0.127
<i>Financial Variables per FTE Enrollment</i>								
Total Net Assets	66,462 <sup>a</sup>	142,408	29,442	23,969	27,151 <sup>c</sup>	21,929	9.5***	0.025
Total Core Revenue	32,365 <sup>a</sup>	30,913	18,819	7,331	18,290 <sup>c</sup>	7,106	26.1***	0.066
Revenue from Gov't Grants & Contracts	6,226 <sup>a</sup>	10,165	2,256 <sup>b</sup>	2,666	1,254 <sup>c</sup>	1,601	25.3***	0.064
Revenue from Private Gifts, Grants & Contracts	2,690 <sup>a</sup>	4,840	1,516	1,923	2,385	5,442	3.9*	0.010
Revenue from Tuition & Fees	10,501	7,108	10,179	4,570	10,739	3,965	0.28	0.001
Revenue from Investment Return	3,933 <sup>a</sup>	11,976	1,054	1,283	1,050 <sup>c</sup>	1,944	7.8***	0.021
Other Core Revenue	4,009 <sup>a</sup>	8,589	1,057	6,214	764 <sup>c</sup>	1,278	14.9***	0.039
Instruction Expenses	11,481 <sup>a</sup>	10,375	7,187 <sup>b</sup>	2,868	6,155 <sup>c</sup>	2,121	27.9***	0.070
<i>Human Resource Variables</i>								
Total FTE Staff	2,954 <sup>a</sup>	3,642	497	253	411 <sup>c</sup>	420	63.4***	0.147
Instruction/Research & Public Service FTE Staff	958 <sup>a</sup>	1,023	198	102	166 <sup>c</sup>	174	77.0***	0.173
Average Salary-All Professor Ranks	77,572 <sup>a</sup>	16,730	59,777 <sup>b</sup>	9,704	55,257 <sup>c</sup>	10,610	159.2***	0.302
Average Salary-Full Professors	102,359 <sup>a</sup>	23,492	73,746 <sup>b</sup>	14,364	68,245 <sup>c</sup>	14,109	194.6***	0.347
Average Salary-Associate Professors	77,016 <sup>a</sup>	13,411	61,674 <sup>b</sup>	9,265	56,772 <sup>c</sup>	10,607	179.1***	0.328
Average Salary-Assistant Professors	65,961 <sup>a</sup>	11,467	53,516 <sup>b</sup>	7,262	49,505 <sup>c</sup>	8,241	167.8***	0.314
Average Salary-Instructors	50,605 <sup>a</sup>	14,365	45,229 <sup>b</sup>	7,738	40,930 <sup>c</sup>	8,511	27.6***	0.082
<i>Student Variables</i>								
FTE Enrollment	12,798 <sup>a</sup>	10,179	3,237	2,085	2,801 <sup>c</sup>	3,086	120.2***	0.246
Tuition & Fees	15,053 <sup>a</sup>	12,371	17,642	8,787	18,760 <sup>c</sup>	7,308	6.9**	0.019

This table shows means and standard deviations for the resource variables by accreditor. MM = million. FTE = full-time equivalent. The table also shows F-test results and the partial eta-squared for overall mean differences. \* $p < 0.05$ . \*\* $p < 0.01$ . \*\*\* $p < 0.001$ . Sample sizes for all variables except “average salary-instructors” (AACSB  $n = 387$ , ACBSP  $n = 134$ , IACBE  $n = 97$ ) ranged as follows: AACSB ( $n = 460-469$ ), ACBSP ( $n = 151-153$ ), IACBE ( $n = 115-119$ ). Tamhane’s T2 was used for post hoc tests. The results of the post hoc tests are depicted in the table as follows: <sup>a</sup>Significantly different AACSB and ACBSP means ( $p < 0.05$ ). <sup>b</sup>Significantly different ACBSP and IACBE means ( $p < 0.05$ ). <sup>c</sup>Significantly different AACSB and IACBE means ( $p < 0.05$ ).

Table 4: Highest Ranked Institutions with ACBSP and IACBE Accredited Programs

Variable	Rank of Highest Ranked Institution		Percentile of Highest Ranked Institution	
	ACBSP	IACBE	ACBSP	IACBE
Total Net Assets	188	154	25	21
Total Core Revenue	240	100	32	13
Total FTE Staff	234	105	32	14
Instruction/Research & Public Service FTE Staff	209	107	28	14
Average Salary-All Professor Ranks	76	115	10	16
Full-Time Equivalent Enrollment	170	98	23	13
Total Net Assets per FTE enrollment	24	29	3	4
Total Core Revenue per FTE enrollment	24	37	3	5

*Institutions were rank-ordered according to the subset of resource variables shown in the table. Institutions with AACSB-accredited business programs ranked highest on all variables. The table depicts the ranks and percentiles of the highest ranked institutions with ACBSP-accredited and IACBE-accredited business programs.*

With respect to financial, human resource, and student variables, we found that institutions with AACSB-accredited business programs have the most assets and equipment, generate the most revenue overall and from all revenue sources except tuition and fees, expend the most on instruction, pay the highest professor salaries (at all ranks), and they have the most personnel (both total staff and instruction/research and public service staff) and students. In contrast, institutions with IACBE-accredited business programs have the least assets and equipment, generate the least total core revenue, expend the least on instruction, pay the lowest professor salaries (at all ranks), and they have the fewest personnel (both total staff and instruction/research staff) and students. Institutions with ACBSP-accredited business programs fall between those with AACSB- and IACBE-accredited programs with respect to most variables, but they are far more similar to institutions with IACBE-accredited business programs than institutions with AACSB-accredited business programs. Institutions with ACBSP-accredited business programs have significantly greater total net assets, total assets, revenue from government grants and contracts per FTE enrollment, expended more on instruction, and had higher professor salaries (at all ranks) compared to institutions with IACBE-accredited business programs.

We conclude that institutional resources influence accretor choice, but it could be argued that the opposite relationship is also plausible: Accreditors, because of their different requirements, might cause institutions to secure different levels of resources. However, though the accretor may influence business program resources, we speculate it is unlikely that the accretor has a major influence on the resources of the entire institution. We examined the differences in institutional resources by accretor, but it would also be informative to investigate business program resources by accretor. We suspect that the results with respect to business program resources would be similar to our findings. Future research could also compare accredited versus non-accredited business programs to determine factors that might influence the decision to become accredited in the first place. Are there institutional and business program resources differences or other factors that might influence the decision to seek accreditation?

Almost all research regarding business program accreditation has focused on AACSB accreditation. This is likely due, in part, to the more recent establishment of the ACBSP and IACBE. More research is needed with respect to other accreditors as well as comparisons among accreditors. In addition, our sample was limited to U.S. institutions. Given the global education market, future research related to non-U.S. institutions and global accreditors that are not CHEA-recognized (i.e., Association of MBAs [AMBA] and European Quality Improvement System [EQUIS]) would also be informative. Faced with the choice of competing business program accreditors, Trapnell (2007) offers the following advice:

*First, business school leaders must decide which one or more accreditation designations provide value to the school within its context, mission, student body, and its aspirations. Secondly, the*

*school must assess its probability of success based on its alignment with the accrediting body's philosophy and focus. (p. 71)*

Given that all three accreditors proffer mission-based guidelines and the contents and underlying philosophies of these guidelines are quite similar, there is little by which to distinguish accreditors. Our findings suggest that a major factor in determining the probability of success might be the institution's financial resources both overall and by FTE enrollment. It appears that there is an accreditation caste system for business programs that effectively screens and classifies the "haves" and "have-nots." This prompts several critical questions for future research: Do accreditors vary in the value they provide to stakeholders? What value is added by being accredited by more resource-intensive accreditors? Do business schools reap more benefits from some accreditors than others? Does the quality of business school education and student learning vary by accreditor?

Though deans of both AACSB-accredited and non-accredited schools indicated that AACSB accreditation is not reasonably possible for all schools, they did believe that the cost was justified (Henderson & Jordon, 1990). Faculty perceived that classroom instruction was worse, they were putting more effort into research and less effort into teaching and working with students, they were more stressed and less satisfied, and relationships with other faculty and administration were strained as a result of AACSB accreditation (Roberts et al., 2004). Yet, they believed that AACSB accreditation helps students and employers, helps the business program compete for resources, and is worth the effort (Roberts et al., 2004). Does the quality of prospective employees vary depending on the accreditor of the business program from which they obtained their degree? Employers do not appear to be taking note of the accreditation caste system. Only 36% considered AACSB accreditation as an important consideration in evaluating a candidate, 88% said it has no impact on new-hire salary, and 56% believed that applicants who graduated from an AACSB-accredited school were better prepared (Shipley & Johnson, 1991). In addition, it appears that CEOs with degrees from AACSB-accredited schools do not perform any better than, and may even perform worse than CEOs from non-AACSB-accredited schools (Jalbert, Jalbert, & Furumo, 2011). According to Yunker (2000),

*To most people, academically "accredited" means that the educational institution meets the reasonable minimum standards applied by the accrediting agency...To most people, the status of being academically accredited does not imply that the educational institution is appreciably superior to the average institution within the specific category.*

...

*At some point in the history of accreditation of business schools by the [AACSB], business educators began linking AACSB accreditation with "significantly above average" performance, rather than "performance at or above a reasonable minimum standards. (pp. 348-349)*

The AACSB is regarded by many as the most prestigious of the accreditors (Roller et al., 2003). The AACSB (n.d.b; n.d.c) brands itself as: "the benchmark of quality for business education worldwide," "the most internationally recognized, specialized designation," "the premier accreditation body for institutions," "an elite group of institutions," and "distinguished hallmark of excellence in management education." Many scholars perpetuate AACSB's branding efforts, saying that institutions seek AACSB accreditation to enhance the school's image (Miles, Hazeldine & Munilla, 2004), and it is the most influential accrediting body in the U.S. and "AACSB accredited schools are 'elite' institutions" (Lowrie & Willmott, 2009, p. 413). Trapnell (2007) states that "AACSB accreditation is clearly a major recognition that contributes to the stature of a business school... [and] is an important statement to key constituencies of the quality of the business school" (p. 68). Some have admonished that the AACSB's change in 1991 to "lower," easier to achieve mission-based standards (like those of the ACBSP) reduced the distinctiveness, exclusiveness, prestige, and value of AACSB accreditation (Jantzen, 2000; White,

Miles & Levernier, 2009). The ACBSP (n.d.b) brands itself as “the premier accrediting association for business schools and programs with a focus on teaching excellence.”

However, the ACBSP (2011b) appears to implicitly acknowledge the higher prestige of AACSB through their simplified dual accreditation process that is available to ACBSP institutions when they attain AACSB accreditation. Finally, the IACBE brands itself as “the leader in outcomes-based programmatic accreditation in business” (Gash, n.d.), but it appears to have the weakest or least recognizable brand, perhaps as a result of its more recent establishment. For example, deans from AACSB-accredited schools were not aware of competition from the IACBE (Roller et al., 2003). Are there actually differences among accreditors in quality or philosophy, or is it nothing more than accreditor prestige differences resulting from marketing and brand recognition? Unfortunately, there is little empirical evidence to support any differences among accreditors or even accredited vs. non-accredited programs, much less differences based on quality or value. The scant prior research has only reported stakeholder perceptions. Empirical research that goes beyond stakeholder perceptions is sorely needed.

We found a relationship between institutional resources and business program accretor. Institutions with public institutional control/affiliation, a research Carnegie Classification, greater financial resources (overall and by FTE enrollment), more human resources (i.e., greater headcount and higher professor salaries), and more students are more likely to have business programs that are accredited by AACSB. Future research is needed to determine if there are quality differences among schools accredited by the different business program accreditors and to determine the relative utility of accreditors for all stakeholders.

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