

AACSB & Faculty Sufficiency in Troubling Economic Times

Michael C. Villano, CPA, CMA

Kent State University

College and Graduate School of Education, Health, and Human Services

Some Faculty in Short Supply

The decline of doctorally qualified business faculty and the increase in enrollments have created a supply and demand nightmare for higher education schools of business. Accounting faculty have been in short supply for several years. Further, the increasing number of baby-boomer faculty nearing retirement has intensified this problem for many institutions. AICPA President and Chief Executive Officer Barry Melancon cited that graduate accounting programs are generating approximately 80 to 100 new doctorally qualified faculty per year (<http://www.bizjournals.com/philadelphia/stories/2007/08/27/focus5.html>). In the 1990's the quantity of annual graduates was double that amount. The number of available positions for accounting faculty is nearly 3 to 1—making the doctorate considerably valuable for job-market candidates. A large contributor to this situation is the Association to Advance Collegiate School of Business—simply known as AACSB. The combination of short supply, high salaries, and the need to meet AACSB faculty sufficiency standards has created a particularly challenging situation for many colleges of business.

What is AACSB?

Business schools seek to achieve a standard of excellence which serves as a competitive advantage and fundamental marketing tool. The premier business program accrediting agency is the Association to Advance Collegiate Schools of Business International—or AACSB. Formed in 1916, AACSB is a network of member business programs serving as a common exchange to discuss issues facing business education. In 1919 the first set of Accreditation Standards was established in order to ensure excellence in business education. The Standards continue to exist today after receiving continual revision and updates to meet the ever-changing needs of business education. In 1980, a new set of Standards was developed for accrediting accounting programs. The AACSB Standards are used to measure and assess the business school's mission, faculty qualifications, programs, operations, and other essential aspects of the institution. The overall goal is to provide parents and students with the highest quality business education. The achievement of AACSB Accreditation reaches to all extents of the community—parents, students, faculty, staff, and employers.

As of December 31, 2009, AACSB was comprised of 1,096 members representing nearly 70 countries. Of the 1,096 member institutions, 607 members hold AACSB accreditation and represent 38 countries (<http://www.aacsb.edu/accreditation/AccreditedMembers.asp>). Accreditation can be granted in two forms—general business accreditation which covers the entire academic business program of the school. Additionally subject specific accreditation can be earned for the institution's accounting program. This analysis will examine the accreditation process from the general business accreditation perspective.

Accreditation is not achieved initially and never examined again. Compliance with the Accreditation Standards is diligently reviewed every five years. As a result, the institution is perpetually in a state of accreditation review. One of the particular challenges of the continual review process is

maintaining a faculty with adequate agendas of published research, intellectual contributions, and active participation in the business community. These issues are addressed in AACSB Standard 10.

AACSB Standard 10

Standard 10 as established by AACSB addresses faculty qualifications and sufficiency:

The faculty of the school has, and maintains expertise to accomplish the mission and to ensure this occurs, the school has clearly defined processes to evaluate individual faculty member's contributions to the school's mission. The school specifies for both academically qualified and professionally qualified faculty, the required initial qualifications of faculty (original academic preparation and/or professional experience) as well as requirements for maintaining faculty competence (e.g., intellectual contributions, professional development, or practice).
(<http://www.aacsb.edu/accreditation/business/standards/participants/standard10.asp>)

The key issue surrounding Standard 10 is the deployment of an adequate amount of Academically Qualified (AQ) and Professionally Qualified (PQ) faculty. To meet the requirements of Standard 10 AACSB provides the following guidelines:

- A minimum of 90 percent of faculty must be either Academically Qualified or Professionally Qualified. The remaining 10 percent of faculty can be classified as "other." Both full time participating faculty—those directly involved in accomplishing the school's mission—and non-participating faculty members—part time faculty who only teach—are calculated to meet this percentage. Essentially full time and part time faculty are calculated using a full time equivalent (FTE) calculation. An illustration is provided below:

Example: Assume an institution employs 10 full time faculty members and 4 part time members. The 90% rule will be based on a total faculty of 12 (10 @ 100%) + (4 @ 50%). Therefore, at least eleven (90% * 12) faculty members must be either AQ or PQ. The remaining faculty could be reported as "Other" and the requirements of Standard 10 would be achieved.

- Additionally, at least 50-percent of faculty resources must be Academically Qualified.

Using the example from above, the AACSB report would have to include at least 6 (50% * 12) of the 14 total faculty members as AQ.

Academically Qualified is defined by AACSB as "requiring a combination of original academic preparation (degree completion) augmented by subsequent activities that maintain or establish preparation for current teaching responsibilities" (<http://www.aacsb.edu/accreditation/business/standards/participants/standard10.asp>) In particular, AQ faculty must possess a terminal degree (i.e. PhD or DBA) or a specialized Master's degree in Taxation (i.e. MT). In addition, maintaining AQ status requires individuals to be engaged in an active intellectual contribution agenda. The research agenda is not specifically defined by AACSB and therefore is established at the institutional level. Youngstown State University defines undergraduate AQ as five total intellectual contributions every five years with at least two articles in refereed publications. Graduate faculty must yield at least three refereed article publications and two additional intellectual contributions every 5 years.

Professionally Qualified faculty are defined as practitioners with at least a master's degree relevant to the area of teaching assignment and also work experience that is "significant in duration and at the appropriate level of responsibility" (<http://www.aacsb.edu/accreditation/business/standards/participants/standard10.asp>). Generally such positions are viewed as being executive in nature with substantial decision making authority. For example, teaching accounting as a PQ faculty member implies that an individual works in a position such as controller for a fairly substantial amount of time (i.e. 5 years or more). PQ faculty may also engage in an active research agenda which tends to be more practice oriented. The combination of work experience and publication (if applicable) generally meets the PQ requirements for Standard 10.

While on the face these requirements seem fairly benign, Standard 10 can cause issues for smaller institutions and institutions with limited funding. AQ faculty members are fairly expensive—particularly in the area of accounting—and scarce resources make for a difficult time in staffing open positions. According to AACSB, average 2009 business assistant professor salaries were \$106,300 and full professors earned an average of \$136,200 (<http://www.aacsb.edu/dataandresearch/salaries.asp>). It is important to recall that this is base salary and does not include the costs of fringe benefits. In addition to this significant institutional investment in human capital, the limited supply of new accounting doctorates has exacerbated this problem with maintaining adequate AQ faculty for smaller schools seeking initial AACSB accreditation or renewals of existing programs.

Methods of Addressing Standard 10

In light of the ongoing national trend of declining public subsidy for higher education, business schools have to develop strategies to offset the cost of new faculty against constrained resources. Increasing tuition costs to the students are one option. However—based on simple economic theory—at some point many potential students will get "crowded out" of the business higher education system. Further, as online academic programs and for-profit institutions move into the business school arena, price escalation may result in non-competitive environments.

Despite the economic environment, faculty sufficiency must be maintained in order to receive AACSB accreditation and/or renewal. Obviously schools must maintain the appropriate mix of AQ and PQ faculty as defined by Standard 10. However as the AQ pool of available faculty continues to remain limited and the sticker price for AQ faculty continues to increase, some schools are unable to hire and/or retain AQ faculty. As a result, other alternatives within Standard 10 must be examined.

AQ faculty is defined by AACSB as one of the following:

1. A doctoral degree in the area in which the individual teaches.
2. A doctoral degree in a business field, but primary teaching responsibility in a business field that is not the area of academic preparation.
3. A doctoral degree outside of business, but primary teaching responsibilities that incorporate the area of academic preparation.
4. A doctoral degree outside of business and primary teaching responsibilities that do not incorporate the area of academic preparation.
5. A specialized graduate degree in taxation.
6. Substantial specialized coursework in the field of primary teaching responsibilities, but no research doctoral degree.

As noted in 4 above, one solution that is permitted under Standard 10 is to hire faculty with terminal degrees outside the business discipline. A research oriented doctorate is required for AQ status. Preference is given first to discipline based doctorates, and secondly to business based doctorates. However, individuals with non-business doctorates can meet the AQ requirements under Standard 10. Research doctoral students with a concentration outside of the primary area of teaching can be deemed AQ. Such individuals must have completed additional coursework or other preparation in his/her primary area of teaching responsibility. Further, these individuals must actively be involved in discipline based research. In recent years the shortage of AQ accounting faculty has heightened this problem.

A variety of options can be used to gain AQ status including:

1.) Faculty members with terminal degrees outside business may complete additional coursework in an AACSB doctoral program related to the area(s) of teaching assignment. Specifically, a student may complete doctoral level coursework in a non-business PhD program and cross-register for electives in a business doctoral program at the same institution. For example, Kent State University offers 23 different doctoral programs with over 50 areas of specialization. Of the 23 doctoral programs, Kent offers a PhD in Business Administration. A student with prior undergraduate, graduate, or professional training may elect to pursue a doctorate in education with the intent of teaching business at the university level. Taking such a planned course can work well for a student given that he/she also completes some doctoral level business coursework while attending Kent State as a graduate student. This approach is acceptable by AACSB's Standard 10 given that the student also maintains an active scholarly agenda within his/her area of business teaching.

2.) A second alternative for students without doctoral access to a business program can be the use of the AACSB's "Post Doctoral Bridge to Business" program. This accredited program is offered at five AACSB institutions internationally. Post Doctoral candidates can enroll in the Bridge to Business program and earn AQ status for an initial period of five years upon completion. Maintaining that status in light of AACSB will depend upon the individuals' subsequent scholarly work. The five accredited Bridge programs are located at the University of Florida; Grenoble Ecole de Management in France; University of Toledo; Tulane University; and Virginia Polytechnic Institute and State University. The Bridge programs can be completed over one condensed summer session or over the period of one year via distance education. These Bridge programs offer non-business doctoral students the opportunity to become management scholars and meet the needs of AACSB accredited programs.

One of the best strategies a business program can use is the annual review of faculty vitas. Once faculty has been deployed it remains paramount that the institution continues to monitor its compliance with Standard 10. Some programs fail to adequately monitor the scholarly activity of the faculty and end up with a significant problem upon accreditation review. This ongoing review strategy helps the institution identify those faculty who may need additional release time to maintain scholarly pursuits. Also, highly productive faculty can be recognized with performance incentives. Clearly, unionized institutions granting tenure prove more difficult in maintaining Standard 10. However, administrators must remain keenly aware of the need to maintain AQ faculty and take actions—whether through collective bargaining or institutional policy—to support the accreditation process.

As the shortage of AQ faculty continues in the United States, institutions as well as prospective faculty members will be responsible for examining these other options. The continued erosion of state

supported funding for higher education will only increase the severity of limited AQ business faculty. Institutions which choose the support a cross-disciplinary faculty should gain depth and breadth in the business program. For example, political scientists or public policy doctorates may yield additional insight into tax policy research. Similarly, psychologists can add perspective to discussions of human behavior and management decision making. Alternative measures will continue to be examined in order to maintain the quality of the business professorate.

Options other than AACSB

While AACSB accreditation is the most prestigious business school accreditation, other options are also available for smaller programs or those with limited resources. Schools with a stronger teaching focus may consider accreditation by the Association of Collegiate Schools of Business and Programs (ACBSP). ACBSP emphasizes teaching excellence through a concentration on outcomes assessment. The rigor and status of ACBSP accreditation is not as great as AACSB, but it does provide program distinction for having been recognized for teaching excellence. Also available is a more generalized accreditation program such as the Council for Higher Education Accreditation. Regardless of the institutional decision, the race for business programs to gain AACSB accreditation continues to move swiftly. As this race continues, business programs must remain open minded with regard to options for gaining and/or maintaining the accreditation.

Additional Resources

Additional information concerning business accreditation can be obtained from the following sources:

www.aacsb.edu

www.acbsp.org

www.chea.org