

## ***Choosing the Right Kind of Accreditation for a Business School: A Comparison between AACSB, ACBSP, and IACBE***

**Babu George**

*DBA, PhD, Associate Professor, Coordinator of International Programs, Fort Hays State University, E-mail: bpgeorge@fhsu.edu*

**Abstract:** This paper offers a comparison of the accreditation standards of three CHEA and US Department of Education recognized business school program accreditation agencies – AACSB, ACBSP, and IACBE. It also discusses the relative challenges and benefits of achieving accreditation by these agencies. While the choice for business schools is often not very clear and is a long drawn negotiated process involving different interest groups, this paper will nevertheless offer some basis of comparison among the accreditation agencies. The author draws heavily from his own personal experiences leading accreditation efforts in various US based and international b-schools and proposes the merits and demerits of different alternatives.

**Keynotes:** Accreditation, AACSB, ACBSP, IACBE, Business Education

## ***Introduction***

Accreditation provides a generally accepted and externally validated seal of quality. A vast majority of business schools based in the US have tended to subject themselves to specialized accreditation as a means of demonstrating accountability and quality (Trifts, 2012). The Association to Advance Collegiate Schools of Business International (AACSB, founded in 1916, based in Tampa, Florida), the Accreditation Council for Business Schools and Programs (ACBSP, founded in 1988, based in Overland Park, Kansas), and the International Assembly for Collegiate Business Education (IACBE, founded in 1997, based in Olathe, Kansas) are three Council for Higher Education Accreditation (CHEA) recognized business school or business programmatic accreditation agencies in the United States.

A few elite schools have taken further steps to get additional international accreditations by agencies like EQUIS (EFMD Quality Improvement System, based in Brussels) and AMBA (The Association of MBAs, based in London). In fact, along with the globalization of higher education, there has been a proliferation of global, national, and regional business accreditation bodies (Zammuto, 2008). While the standards are differently stated by each of these agencies, certain common threads can be seen across them: how promised learning is ensured, what governance mechanisms are employed by the accredited units, is there a sustainable financial model, does the unit employ adequately qualified faculty, among other criteria (Roller, Andrews, & Bovee, 2003).

Extant research discusses the pressures faced by the accreditation agencies to maintain their legitimacy by tightly controlling the standards while not neglecting the need to expand (Durand & McGuire, 2005). Similarly, for accreditation seeking institution, the choice of which direction to take regarding accreditation is complex, and there is no single and straightforward answer. Business schools need to do a

great deal of cost-benefit calculations in order to reap the most out of investment in accreditation (Zhao & Ferran, 2016). This include changes in market perceptions about the accredited institution, change in faculty productivity, increase in student employment opportunities, among other factors (Hedrick, Henson, Krieg, & Wassell Jr, 2010).

### ***A Comparison of Missions***

The mission of AACSB is to “The mission of AACSB International is to foster engagement, accelerate innovation, and amplify impact in business education”. It is not hard to see that this mission statement is too vague to be of much use. AACSB’s vision statement is even more ambiguous (“Transforming business education for global prosperity”). According to AACSB, its accreditation standards are aligned with the vision and the mission. So, schools wanting to know if they should pursue AACSB may better look at the accreditation standards, which are stated more concretely.

According to this author, ACBSP has at least one actionable item indicated in its mission statement: ACBSP promotes *continuous improvement* and recognizes excellence in the accreditation of business education programs around the world. It is widely recognized that ACBSP gives a great deal of importance to documented continual progress and the stated intent toward this from its member institutions. ASCBSP envisions in its vision statement its wish that every quality business program worldwide is accredited.

IACBE’s mission statement fosters elements from the other two: “Promote and recognize excellence in business education in institutions of higher education worldwide, at both the undergraduate and graduate levels, through specialized accreditation of business programs”. This issue here, again, is the way excellence is defined: accreditation criteria need to be referred to, in order to get any actionable insights. IACBE’s vision statement, however, is more tangibly stated: it includes phrases

such as student oriented, mission driven, outcome based, and programmatic accreditation.

#### A Comparison of Standards

IACBE’s principles, named “value diamond”, are organized in terms of the following:

- Outcomes-Based Quality Assurance in a Deming-Porter Framework: Educational outcomes are more important than prescriptive standards relating to resources
- Developmental Accreditation Philosophy Based on the Deming Cycle of Continuous Quality Improvement: Accomplishment of goals, objectives, and intended outcomes may be seen as a continuum and that effort to improve should be given due credit.
- Collaborative and Cooperative Approach to Accreditation: Mentoring and mutual support among IACBE and its members to advance academic quality.
- Flexible and Adaptable Accreditation Process: IACBE values innovativeness and diversity in determining how best to structure programs, operations, and organizational frameworks

#### *How do the Accreditation Agencies Differ across Key Factors?*

Over the last fifteen years or more, the author of this manuscript has worked in university-based mid-sized business schools that had AACSB, ACBSP, or IACBE accreditations – as well as in a few unaccredited b-schools. He has functioned closely with the accreditation-related processes in leadership roles which helped him see the finer details. The summary of differences depicted in the table given below (*See Table 1*) is based on his own personal experiences, in addition to data drawn from the official publications of the accreditation agencies studied.

	AACSB	ACBSP	IACBE
Overall commitment of	Greatest	Moderate	Low

financial resources			
Direct onetime cost of accreditation	\$35,000. Additional fee for separate accounting program accreditation. Visit <a href="http://www.aacsb.edu/accreditation/fees">http://www.aacsb.edu/accreditation/fees</a>	\$16,000. (Year 1: \$4,550 Year 2: \$3,850 Year 3: \$7,300)  An additional fee for separate accounting program accreditation.  Visit <a href="https://www.acbsp.org/page/accreditation?">https://www.acbsp.org/page/accreditation?</a>	\$11,000. An additional fee for separate accounting program accreditation. Visit <a href="http://iacbe.org/accreditation/process-and-requirements/costs-fees/">http://iacbe.org/accreditation/process-and-requirements/costs-fees/</a>
Direct annual maintenance cost	\$6000  A separate fee of \$3750 for maintaining accounting program accreditation.	\$2,600, since gaining candidacy status. ACBSP charges an additional \$1300 per campus where the program is offered if there is more than one campus for the b-school. Additional fee for accounting accreditation.	\$2,550 membership fee + \$500 accreditation maintenance fee. Separate \$200 for accounting accreditation maintenance.
Reaccreditation cycle	Once in 5 years	Once in 10 years. A quality assurance report is due once in every two years.	Once in 7 years
Indirect financial cost to obtain initial accreditation	100,000. Very rough estimate, for a mid-tier b-school. This will vary based on the size of the institution and the current level of preparedness.	50,000. Varies. Representative faculty members attending the ACBSP annual conference is greatly encouraged.	30,000. Varies.
Annual related staffing cost	\$80,000	\$50000	\$40000

Investment in tangible assets and equipment	High	Medium	Low
Faculty/Student ratio	High. It may be noted that this is not formally stated; however, peer teams do take this into consideration. "Curricula facilitate student-faculty and student-student interactions appropriate to the program type and achievement of learning goals" (AACSB Standard 10).	Medium. None formally stated. Information gathered from perceptions of administrators of accredited schools.	Low. None formally stated; information gathered from perceptions of administrators of accredited schools.
Overall severity of standards	Highest expectations; quantitative standards, tightly defined, less room for interpretation. Prescription intensive related to input resources. However, AACSB's newfound stress on mission-driven standards give limited opportunities for b-schools to tell their stories as to how they achieve organizational mission.	Moderately high expectation; well defined yet relatively more flexibility in implementation. Relatively more balanced emphasis on input resources and outcomes. Stress on achieving curricular goals.	Moderate expectations; calls standards by the name "principles" and defines progress more as a continuum of evolving achievements. In some way, outcome as "increments over previous values" is prioritized over inputs or processes.
Level of accreditation	B-School wide. Inflexibility to exclude business-related programs from the accreditation	Program level; associate, bachelors, masters, and doctoral. In the US, ACBSP will not accredit schools	Program level; associate, bachelors, masters, and doctoral currently, most accredited programs are at the

	requirements, although AACSB does not accredit Associate Degree programs.	that are not regionally accredited.	undergraduate level. Associate degrees will come under accreditation only if a bachelor's degree is offered in the same stream.
Need for faculty with terminal degrees	Greatest. Heavy insistence upon Scholarly Academics (SA).	High (Flexible at the undergraduate level, although slightly higher at master's level than AACSB expectations).	Moderate (Only one doctorally qualified faculty per major or concentration area is often sufficient)
Definitions of academically or professionally qualified faculty	Strictest	Moderate	Flexible
Definition of scholarship	Extreme stress on peer-reviewed research publications. Teaching takes the back seat (this was probably the primary need for ACBSP to come to existence).	Encourage peer-reviewed publications, but open to other forms of scholarship – including consulting projects, action learning programs, invited lectures, articles in popular magazines, etc.	Fluid. Anything that could be interpreted as involving some kind of knowledge creation.
Salary requirements	15-20% above ACBSP accredited schools. Based on AACSB 2017-18 Staff Compensation & Demographics Survey, the average salary for full professors was \$162,000; \$134,000,	Average	15-20% below ACBSP accredited schools, based on rough estimates. A semi-official target is 90% of KOUPA figures among similar schools.

	\$128,000, and \$78,400 for associate professors, assistant professors, and instructors, respectively.		
Annual financial cost of release time to faculty	100,000. By creatively adjusting the teaching-research-service expectations of different kinds of faculty members, significant cost saving is possible.	40,000. Typical semester teaching load of 4 courses, each of 3 credits.	25,000. Typically, 4 courses are taught by each faculty member. Reassigned time is typically given only to an accreditation coordinator.
Annual financial cost of faculty development	300,000. Might vary widely according to faculty size.	150,000. Might vary widely according to faculty size.	100,000. Might vary widely according to faculty size.
Typical teaching load per semester	3 courses	4 courses	4 courses
Opportunity cost related to non-pursuance of accreditation unfriendly programs	Highest	Moderate	Low
Fund raising opportunities (from tuition, grants, donations, etc.)	High	Moderate	Low
Membership percentage of public universities Vs private institutions	Very high presence among research-oriented mid to large sized State universities.	Low. Most members are mid-sized teaching-oriented institutions. Significant representation of for-profit private colleges (for-profit	Lowest. Most members are small teaching focused private liberal arts colleges.

		colleges, thanks to increased scrutiny over their practices, seem to consider ACBSP accreditation as critical to validating their quality).	
Membership statistics	819 accredited institutions	587 institutions (ACBSP accredits campuses separately; this will make a much greater count, close to 1000).	175 institutions
Employer favorability	High	Medium	Low to Medium
Perceived esteem among current faculty and value perceived by the prospective faculty	High	Moderate	Low to moderate
Perceived value among prospective and current students, and alumni	High. Especially, research suggests that AACSB accreditation is a key criterion used by international students seeking admission.	Moderate	Low to moderate
Brand recognition	High	Moderate	Insignificant

*Table 1: A Cost Benefit Comparison of AACSB, ACBSP, and IACBE.*

### *A Comparison of the First Time Accreditation Processes Flow*

As seen in the table 2 given below, the AACSB accreditation process is evidently more intensive and it takes significantly more time. The

ACBSP and IACBE processes are quite similar with much-shortened timeframes (it is interesting to note that the same person - John Green - founded both ACBSP and IACBE).

AACSB	ACBSP	IACBE
Timeframe: 4-7 Years	Timeframe: 3-4 Years (less, if there is an assessment system already in place).	Timeframe: 2-4 Years
Guiding Framework: Internally developed framework, focused on ensuring quality based on input resources and process.	Guiding Framework: Baldrige Performance Excellence Program	Guiding Framework: Deming-Porter quality assurance framework
<p>Join as an AACSB member ↓ Submit the Eligibility Application for accreditation along with the fees. ↓ AACSB staff review the application and send recommendation to Initial Accreditation Committee (IAC) ↓ Based on the review outcome, a mentor is assigned to assist with the development of an Initial Self Evaluation Report. An AACSB Accreditation Staff Liaison is also assigned to the school, who will act as the contact between AACSB and the candidate school (Payment of fee to be made by the school) ↓</p>	<p>Join as an ACBSP member ↓ Submit the candidacy form and the preliminary questionnaire, along with the candidacy fees. ↓ Assignment of a mentor by ACBSP to provide a gap analysis. ↓ The mentor authorizes the candidate to proceed to the full self-study ↓ Prepare and Submit Self-Study ↓ Undergo Accreditation Site Visit ↓ Receive and Respond to Site Visit Report ↓ Accreditation Review by ACBSP</p>	<p>Join as an IACBE member ↓ Submit application materials for first-time accreditation, along with the fee ↓ Schedule Site Visit ↓ Attend a Workshop on Preparing an Effective Self-Study ↓ Prepare and Submit Self-Study ↓ Undergo Accreditation Site Visit ↓ Receive and Respond to Site Visit Report ↓ Accreditation Review by ACBSP ↓ Determination of</p>

<p>The mentor consults with the candidate school to determine current alignment with AACSB expectations. If the mentor feels the gaps are insurmountable, a report to that effect is submitted to AACSB. Otherwise, within 1-2 years, with the consent of the mentor, the candidate school will submit to IAC an Initial Self Evaluation Report along with Strategic Plan for organizational change.</p> <p>↓</p> <p>The IAC reviews the Initial Self Evaluation Report. One of the following decisions is made: a) In excellent cases, the school may be permitted to develop a full Self- Evaluation Report in 5 years; an invitation to apply for Initial Accreditation is also made. b) The school is asked to implement items in the initial self-evaluation report and inform IAC of the progress within 3 years; based on this, permission for a full Self-Evaluation Report submission is given and an invitation to apply for Initial Accreditation is made. c) Alignment is not accepted and further consideration is denied (Sometimes, opportunity for revised iSER</p>	<p>↓</p> <p>Determination of Accreditation Status of Business Programs by the governing board</p>	<p>Accreditation Status of Business Programs by the governing board.</p>
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<p>submissions is given, up to 2 times).</p> <p>↓</p> <p>AACSB appoints a Peer Review Team chair, who will mentor the school in developing the final SER and help schedule site visit. The IAC appoints the additional members of the Peer Review Team. Typically, all these are current deans of existing accredited b-schools (The mentor assigned for iSER is dropped at this stage).</p> <p>↓</p> <p>After the site visit, the Peer Review Team delivers a visit report to the applicant school, and to the IAC for concurrence.</p> <p>↓</p> <p>IAC sends the report to the AACSB Board of Directors for final ratification and the award of accreditation.</p>		
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*Table 2: A comparison of the processes of first time accreditation across agencies*

***Concluding Remarks***

So, generally speaking, which of the three is a better choice? Members of the fraternity of accreditation agencies like AMBA and EQUIS directly ascribes to the value of AACSB accreditation – these agencies will not typically consider accrediting US-based business schools unless they are first accredited by AACSB. Likewise, ACBSP offers a much more flexible set of standards for its members to retain accreditation provided they also acquire AACSB accreditation. Various peer-reviewed

studies to assess stakeholder perceptions of b-school accreditation agencies indicate that AACSB has the greatest brand equity and its accreditation carries the most value (Corcoran, 2007; Hunt, 2015; Womack & Krueger, 2015). However, researchers like McFarlane (2013) warns about the false perceptions about the value of an AACSB accreditation. In a similar spirit, Lowrie & Willmott (2009) observes that “accreditation sickness” could divert attention from more pressing problems affecting educational institutions.

Until 1995, AACSB focused entirely on North American institutions and it did not consider in its scope to accredit international b-schools (Trapnell, 2007). A change in direction was needed because mid-1990s represented an inflexion point in the growth of business higher education internationally. AACSB has tightened the implementation of its accreditation standards in the United States, which according to this author indicated a smart strategic intent for new market development: maintaining perceived higher standards in the US will increase AACSB’s desirability in the international markets where the future growth comes from. No wonder, AACSB is often blamed by upstart North American b-schools desirous of accreditation for keeping double standards in domestic versus international markets (Scherer, Javalgi, Bryant & Tukel, 2005).

Regardless, business school accreditation has now become a truly global business (Bruner & Iannarelli, 2011). Also, accreditation agencies have found additional opportunities for expanding their scope – such as specialized accreditations in accounting, information systems, sports management, tourism, etc. (Challa, Kasper, & Redmond, 2005; Myers & Kooti, 2016). Given the widely held perception that “be accredited or perish”, most business schools do not have the luxury to remain nonaccredited.

Business school leadership requires university-wide support for advancing accreditation (Pringle & Michel, 2007). The rationale for accreditation by itself could provide a basis for seeking more support; it could also produce tension between the b-school and other academic

departments in the university. Regardless, the central administration of the university should commit significant financial and nonfinancial resources to attain and maintain accreditation. Faculty should be willing to take on additional responsibilities in curriculum development and in documenting teaching-learning from an assessment point of view. Also, especially for AACSB accreditation, faculty commitment for increased scholarly expectations is vital (Romero, 2008). Given the diverse set of constraints and opportunities, not every b-school will find the same option in their best interest (Trapnell, 2007).

It is hoped that the comparison and process flow provided in this article could provide some actionable guidelines for those making this choice. This said, b-schools may want to think beyond this triad. If you have a very significant focus on internationalization and if you want to better balance scholarly and corporate-professional considerations, EQUIS may be your way (EQUIS standards are prescriptive and not mission-driven, however). If you don't have undergraduate programs but still are looking for a widely known accreditor for your masters and doctoral programs that admit only experienced professionals, with a relatively shorter turnaround time (12 months, typically), AMBA could be the right choice.

Finally, if you are unique and your mission does not have any scope for alignment with generally accepted quality frameworks, you may want to remain unaccredited. One key question to ask is whether accreditation is good for the strategic decision making of traditional business schools, according to Julian & Ofori-Dankwa (2006). Extreme mission orientation of many accreditation agencies also means that highly innovative b-schools will find it suffocating to align their market-oriented processes to any long-term mission. In this situation too, you may want to remain outside of the umbrella of accreditation. The tailpiece is, as long as institutions *know themselves* – who they are and what they are able to live by – why bother about external gold standards!

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