

ACCREDITATION OF BUSINESS SCHOOLS:

AN EXPLANATORY MULTIPLE-CASE STUDY OF THEIR MOTIVATIONS

A thesis

submitted in fulfilment

of the requirements for

the Degree of

Master of Commerce in Management

in the

University of Canterbury

by

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University of Canterbury

2010

Table of Contents

Table of Contents	2
Acknowledgments	4
Abstract	6
Glossary	7
1. Introduction	9
1.1 Research Goals.....	9
1.2 Study Justification.....	9
1.3 Accreditation and the Author	10
1.4 Thesis Overview	11
2. Literature Review	12
2.1 Introduction to Literature Review	12
2.2 Accreditation in Context.....	12
2.3 Theoretical Overview	18
2.4 Institutional Theory and Institutionalisation	20
2.5 Institutional Isomorphism.....	21
2.6 Bandwagons	25
2.7 Information Asymmetry	27
2.8 A Proposed Accreditation Model	29
2.9 Conclusion.....	30
3. Research Method	32
3.1 Introduction	32
3.2 Research Method	32
3.2.1 Number and Selection of Participants.....	33
3.2.2 Nature of Participants	34
3.3 Conducting of Interviews	39
3.3.1 Interview Process and Timeline	39
3.4 Analysis of Interviews	40
3.5 Ethical Considerations	41
3.6 Limitations of this Study.....	42
3.7 Conclusion.....	42
4. Findings	44
4.1 New Zealand Business Schools – Early Adopters	44
4.1.1 Motivation.....	44
4.1.2 The Education Environment.....	45
4.1.3 The Market.....	47
4.1.4 Internal Functioning.....	48
4.2 New Zealand Business Schools – Late Adopters	49
4.2.1 Motivation.....	50

4.2.2	The Education Environment.....	51
4.2.3	The Market.....	53
4.2.4	Internal Functioning.....	54
4.3	European Business Schools	55
4.3.1	Motivation.....	55
4.3.2	The Education Environment.....	56
4.3.3	The Market.....	58
4.3.4	Internal Functioning.....	60
4.4	USA Business Schools	61
4.4.1	Motivation.....	62
4.4.2	The Education Environment.....	64
4.4.3	The Market.....	66
4.4.4	Internal Functioning.....	67
5.	Discussion	70
5.1	Similarities and Differences	70
5.1.1	Motivation.....	70
5.1.2	Education Environment	73
5.1.3	The Market.....	76
5.1.4	Internal Functioning.....	78
5.2	Fit with Accreditation Model	79
5.2.1	European Schools	80
5.2.2	US Schools.....	82
5.2.3	New Zealand Schools	83
5.2.4	A Footnote – Loss Aversion.....	85
6.	Conclusion.....	86
6.1	Directions for Future Research.....	87
	Appendices.....	89
	Appendix A: Information Sheet.....	89
	Appendix B: Consent Form	90
	Appendix C: Interview Sheet.....	91
	Appendix D: Interview Schedule.....	93
	Appendix E: Summary of Responses from New Zealand Schools	96
	Appendix F: Summary of Responses from United States Schools.....	103
	Appendix G: Summary of Responses from European Schools	109
	Appendix H: Summary of All Responses.....	116
	References.....	127

Acknowledgments

This has been a significant project, involving an extended period away to conduct interviews across Europe, the United States of America (US) and New Zealand. As such it would not have been possible without the support and encouragement of various key players, who I'd like to acknowledge.

Firstly, the College of Business and Economics at the University of Canterbury and, in particular, Pro-Vice-Chancellor Professor Nigel Healey. His encouragement and support of the completion of this thesis and of my application for the Peter Karmel International Travel Grant was typical of one who recognises the value of developing professional staff despite the minor inconvenience caused by the resulting absences.

The Association for Tertiary Education Management (ATEM), have been outstanding in their support of professional staff in higher education and I was honoured to be their 2008 recipient of the Peter Karmel International Travel Grant. ATEM awards the grant "*in recognition of achievement in educational administration and outstanding contribution to ATEM*". It carries with it a value of AUD10,000 and is designed to facilitate comparative or cross-cultural studies of professional administrative activity. Without the grant this thesis would simply have been a multiple case study of New Zealand business schools and would have lacked the depth and interest that has resulted by being able to compare the perspectives of deans across Europe and the US. ATEM makes these opportunities available to all members for the benefit of the profession and one of the best ways that all members can show their support of ATEM's efforts in this regard is to apply for the grants and awards on offer.

I appreciated the willingness of the deans and associated staff from across New Zealand, Europe and the US to be interviewed for this project. They gave freely of their time and thoughts and without their enthusiasm and interest this thesis would not have been possible. I can only hope I have done justice to their comments and musings.

My supervisor Associate Professor Venkataraman Nilakant, and associate supervisor, Professor Michael Hall both provided sage advice during the journey. Nilakant understood the conflicting demands a thesis has with a full time job but still encouraged me to write

something every day. I didn't quite achieve that goal, but I did at least think about the project every day, and some days more than others. Michael challenged me right to the end and provided a fresh perspective at a time when I couldn't see the wood for the trees.

Finally, but by no means least, to my fiancé Pete who kept the home fires burning and Coco the cat fed, and happy, for the days I was away conducting interviews, analyzing data and writing. Without his support, tolerance and good humour this would not have been possible.

Sadly, Coco didn't quite make it to see the end of this project and I therefore dedicate this thesis to her memory, and the 18 years of companionship I enjoyed from an animal that never failed to remind me of the value of curiosity, serenity and the inner tranquility that comes from a warm, comfortable lap. Rest easy old girl.

Abstract

The commitment required of a university or business school to gain international accreditation is significant, both in dollar terms and staff time.

This thesis seeks to explain the motivations for business schools to seek accreditation with three major accrediting bodies, AACSB International, EFMD and AMBA, using a multiple case study methodology underpinned by the frameworks of institutional isomorphism, bandwagon pressures and information asymmetry.

Interviews were carried out with 17 business school deans; five deans of accredited schools in Europe, five deans of accredited schools in the United States of America and seven business school deans in New Zealand. All the New Zealand schools were either accredited, formally in the process of seeking accreditation or about to enter the application stage.

The results provide supporting evidence for the notion that business schools are seeking accreditation in order to achieve legitimacy benefits rather than performance benefits, and that intangible benefits are seen as having more importance than the costs involved with achieving accreditation. It was also found that where the focus is at an international level, accreditation is found to be underpinned by information asymmetries whereby schools are seeking to gain legitimacy by providing signals to the market regarding their quality. At a regional or national level information regarding quality is more well known and, instead, isomorphic and bandwagon pressures become evident as the pathway towards legitimacy.

This study will be of value to business school deans in understanding the forces they are being subjected to when considering the value of seeking international accreditation. The results provide an understanding of why, in the absence of a formal business case, a school may consider such a move, or may have entered the process without the hard data that identifies the costs and estimates the benefits in a measurable way. In this regard it will also be of value to all staff of business schools, and of the wider organisation, to understand the phenomenon that is accreditation.

Glossary

AACSB. (AACSB International) Association to Advance Collegiate Schools of Business. American-based association of educational institutions, businesses and other organizations devoted to the advancement of higher education in management education. Its primary activity is the accreditation of business schools and accounting programmes worldwide.

AMBA. Association for MBAs (Masters of Business Administration).

AQ/PQ. An AACSB term referring to the status of being academically qualified (AQ) or professionally qualified (PQ). AACSB standards expect schools to maintain a certain percentage of their faculty resources as AQ or PQ. This status is determined via a combination of the individual's initial qualification and subsequent professional or academic activity that maintains their currency in the discipline in which they are teaching.

Committee on University Academic Programmes (CUAP). Established by the New Zealand Vice-Chancellors' Committee to approve major new programmes and qualifications of universities in New Zealand via a peer review process.

Dean. Operational head of the school and the person primarily involved in the study. In different countries and different institutions the dean may have a different title, for instance Pro Vice Chancellor or Director.

EFMD. European Foundation for Management Development. European-based body devoted to the continuous improvement of management development. Membership includes business schools from around the world as well as companies, public sector organisations and consultancies.

EFTS. Equivalent Full Time Student. A unit of measure used in the New Zealand tertiary education sector. 1 EFTS is equivalent to one student being enrolled for a standard full time programme of study over 1 year.

EQUIS. European Quality Improvement System. Accreditation system offered by EFMD.

Faculty. Members of staff who are employed to teach in business school programmes and undertake research in their field of expertise. In New Zealand faculty are commonly referred to as “academic staff” or “academics”.

School. The unit providing business-based or commerce degrees at the tertiary education level. It may go by the name of a college, division or faculty and is usually part of a university, e.g. College of Business and Economics, School of Business. In some instances is the entire university or school, e.g. Vlerick Leuven Gent Management School.

Triple Crown. A term used to describe having the three major global business accreditations; AACSB, EQUIS and AMBA. It is currently estimated that only 1% of business schools worldwide hold this distinction. (BEM Bordeaux Management School, 2010)

1. Introduction

1.1 Research Goals

This thesis seeks to explain the motivations for business schools in the tertiary education sector to seek international accreditation. It will do this using the perspectives of organisational and economic theories by conducting an in-depth multiple case study of the eight New Zealand universities, plus five schools of business in Europe and five in the United States. Through this the aim is to provide a comprehensive qualitative analysis of the motivation for seeking international accreditation.

1.2 Study Justification

Business schools within the New Zealand university sector have taken an unprecedented interest in international accreditation over the past 10 years. Seven of New Zealand's eight universities are either currently accredited or are actively working towards accreditation with two major agencies: The Association for the Advancement of Collegiate Schools of Business (AACSB) International and the European Foundation for Management Development (EFMD), both of whom specialise in quality assuring business degree programmes. In addition, MBA programmes offered by five universities in New Zealand are accredited by the London-based Association for MBAs (AMBA).

The cost of these exercises is significant, both in dollar terms and staff time. These exercises also occur in addition to each university's existing quality control processes as well as those required on a national basis. In New Zealand the Committee on University Awards and Programmes (CUAP) governs the quality and approval of qualifications offered by universities, while regional accrediting bodies approved by the Secretary of Education carry out a similar role in the United States. Similarly, respective governments in Europe

authorise their respective tertiary education institutions and impose their own quality assurance and accreditation standards. Given the significant costs involved and the existing national level quality assurance processes in place this study seeks to explain why tertiary business schools worldwide are going to such lengths to obtain additional accreditation. Is accreditation primarily seen as an external signalling strategy, to protect market share, enabling each institution to continue attracting students and quality staff? Or is it actually a quality improvement strategy, an internal holistic approach which provides a basis from which to ensure research outputs are of value and teaching is of good quality?

1.3 Accreditation and the Author

I am the accreditation manager for the College of Business and Economics at the University of Canterbury. The college's MBA programme is accredited by AMBA and the college itself is in the process of gaining accreditation with AACSB and is also aiming for eventual accreditation with EFMD.

In this role I have experienced firsthand the questions from some staff within the college regarding the cost of the exercise and the likely benefits to be gained from the process. Quite reasonably, people wonder whether the benefits outweigh the costs involved. These questions have had no simple answer and colleagues and deans I interact with have similarly been unable to provide hard data to support the path their institutions have or are following. Anecdotally the response has always been based on a "feeling" or knowledge of what their peers are doing.

As the person responsible, then, for moving the college towards its accreditation goals, I see this study as invaluable in providing an in-depth understanding of the overall motivations evident and being able to communicate that to colleagues within my own college so that they may understand the process a little better.

Throughout the period of undertaking the research for this thesis I placed myself in the position of researcher, rather than accreditation manager. This was important in order to

remove any potential biases I may have felt or preconceived ideas as to the motivators in play amongst the subject schools. In situations where I may have anticipated an answer I put to one side my own anticipation and was careful to ask the question in a neutral manner so as to ensure the interviewee was not being led towards a particular response. This was more important with the New Zealand schools, but not so problematic with the European and US schools. That was because I was less familiar with their particular circumstances and was therefore able to approach the interviews with a genuine curiosity and with no preconceived ideas.

1.4 Thesis Overview

This thesis outlines the journey undertaken to identify the reasons behind business schools seeking international accreditation. It does that by reviewing the literature on institutional theory and, in particular, institutional isomorphism and bandwagons, as well as information asymmetry. From there a model is proposed to explain the forces at work that influence schools to seek accreditation. The chosen research method is then discussed and an in-depth account of the data gathering exercise is provided, outlining the ethical considerations and acknowledging the limitations of the research.

The data gathered in the interviews is detailed in the Findings section and is grouped into the New Zealand early adopters, New Zealand late adopters, European schools and US schools. The similarities and differences between the groups is then discussed and the common themes identified and these themes are matched to the proposed accreditation model to assess the extent of “fit”. Finally, some directions for future research are identified and discussed.

2. Literature Review

2.1 *Introduction to Literature Review*

In this section accreditation is introduced as a concept and its various forms are described, together with their application to the tertiary education environment. The relevant literature is then outlined, describing the origins of institutional theory, institutional isomorphism, bandwagons and information asymmetry.

2.2 *Accreditation in Context*

The word “accreditation” is a 17th Century derivative of the French word *accréditer*, from the phrase *mettre à credit*, to put to (Oxford English Dictionary, 1989) In current usage it refers to the process of giving recognition to, authorising, or sanctioning. Accreditation can be compulsory or voluntary.

In the New Zealand tertiary education sector universities must be accredited to award degrees and this is legislated for by the New Zealand Education Act 1989. The same act charges the New Zealand Vice-Chancellors’ Committee (NZVCC) with the responsibility of approval and quality assurance of degrees awarded by New Zealand universities. This function is carried out via a peer review process by the Committee on University Academic Programmes (CUAP), a standing committee of NZVCC.

The quality of tertiary education in New Zealand has increasingly come under the spotlight in recent years. The first holistic approach to quality assurance came in 1993 when the NZVCC established the New Zealand Universities Academic Audit Unit (NZUAAU) with the primary function “...to carry out audits of quality assurance and quality enhancement processes in the universities.” (NZUAAU, 2009. para. 1.) These audits, however, have had a limited impact on the way universities have operated and, apart from a university’s own desire to maintain a strong international reputation, there has been no real external pressure

to ensure the quality of tertiary education being offered in New Zealand is of a truly high standard.

This lack of accountability is, however, changing and a new landscape for tertiary education in New Zealand is emerging. The Ministry of Education's 2010-15 Tertiary Education Strategy builds on previous decisions to move tertiary education funding away from an EFTS-based model that relied only on the volume of student enrolments. The model was straightforward, designed to increase participation rates and was very successful (Tertiary Education Commission, 2008). It had the effect, however, of providing the government with little control over its own expenditure and concerns were inevitably raised in the media about the quality of some programmes offered in parts of the sector. One high profile case in particular turned the spotlight on the funding model, and the quality of education being paid for by taxpayer funds, when it was revealed that a New Zealand polytechnic had received government funding for 18,500 enrolments in a computing course that could subsequently provide no evidence of the students engaging in learning (Tertiary Education Commission, 2004b). While the commission's review into the case found that, technically, the polytechnic had done no wrong, it did highlight the basic problem of a volume-based funding model with no accountability. This provided the catalyst for the government to make its investment in higher education more strategic and to align "... planning, funding and quality assurance and monitoring to achieve ... strategic investment decisions." (Tertiary Education Commission, 2007. p. 2).

The result was the abolition of the EFTS-based funding model and the introduction in 2008 of a funding system based on a 3 year investment plan provided by each tertiary education organisation. As part of those investment plans universities, specifically, are expected to "...focus capability building efforts on achieving increased quality and performance against international benchmarks." (Tertiary Education Commission, 2007. p. 6) The importance of maintaining and demonstrating quality has been further emphasised in the Tertiary Education Strategy 2010-15 which makes explicit that providers will be held accountable for their education outcomes and will be expected to continuously improve those outcomes, and that funding decisions will be influenced by external evaluations of the quality of a tertiary

education organisation. This has provided a platform for international accreditation to become an external validator of business schools.

The quality of research produced by New Zealand universities has also been the subject of intense scrutiny over the past decade. In 1999 the New Zealand Labour party released its education manifesto outlining a vision of strengthened research and a greater degree of accountability of research funding (Tertiary Education Commission, 2004a). This vision was realised with the introduction of the Performance Based Research Fund (PBRF) in 2002 and was heralded as representing "...a landmark in the development of New Zealand's tertiary education sector" (Tertiary Education Commission, 2004, p 9). The PBRF is based on the British research assessment exercise (RAE) and is designed to measure the quality of research being undertaken by staff employed in the New Zealand tertiary education organisations (TEOs). A component of the TEOs' funding is dependent on the results of the PBRF and this has made the market for academic staff very competitive. Universities have become highly motivated to improve or maintain their relative scoring and position in each PBRF round and their interpreted success in the PBRF is widely used in marketing campaigns. For instance the Universities of Auckland and Otago have both used the PBRF results to claim leading research status; "The University of Auckland is New Zealand's pre-eminent research-led institution." (University of Auckland, 2010) and "The University of Otago is New Zealand's Top Ranked University for Research." (University of Otago, 2010). Those universities that didn't make it to the top of the PBRF list overall have still used the PBRF results wherever a positive slant can be found. For instance the University of Waikato's management school proudly proclaims itself as "New Zealand's No. 1 Research-led Business School" (University of Waikato, 2010).

Aside from the compulsory approval requirements of a state government, tertiary providers may provide qualifications which are accredited by a professional body. For instance an accounting degree in New Zealand may be accredited by the New Zealand Institute of Chartered Accountants and this allows the graduate to gain accreditation as a Chartered Accountant and work as a professional in that field. This type of accreditation is quasi-voluntary in that the university may choose not to be accredited with a particular body and, provided the qualification is approved by the legislative requirements of the country, is

under no compulsion to gain the additional accreditation. There may, however, be no market for a qualification that is not accredited and therefore it would effectively be considered essential, and compulsory.

Accreditation by AACSB, AMBA, and EFMD are all considered to be voluntary forms of accreditation. These organisations have established themselves as independent quality assurance bodies and institutions are free to join or leave as they wish. Joining these associations, and achieving accreditation, enables the institutions to signal their quality to the market and while it is equally up to the institution to leave any of those bodies, and relinquish their accredited status, such an action would need to be carefully handled in order to avoid sending the wrong signals to the market.

AACSB International is a US-based non-profit organisation formed in 1916 for the purposes of improving collegiate education for business. Its organisational focus was accreditation and sixteen business schools in the United States, including Columbia University, Dartmouth College and Harvard University became founding members. The first set of accreditation standards were adopted in 1919. In 1996 its accreditation services were made available to non-US schools and there are now 579 member institutions with AACSB business accreditation, of which 170 also have specialised accounting accreditation. Of those 579 accredited institutions, 110 are from outside the United States and they are distributed across 35 countries (AACSB International, 2010).

AACSB's standards are mission-based and are designed to assure stakeholders that accredited business schools: manage resources to achieve a vibrant and relevant mission; advance business and management knowledge through faculty scholarship; provide high-calibre teaching of quality and current curricula; cultivate meaningful interaction between students and a qualified faculty; and produce graduates who have achieved specified learning goals.

EFMD is a global non-profit association devoted to the continuous improvement of management development. It was established in 1971 from a merger between the International University Contract and the European Association of Management Training Centres. Its members include over 725 member organisations from academic, business,

public service and consultancy in more than 82 countries, providing benchmarking and networking opportunities between business schools and companies. EFMD runs a number of accreditation services, one of which is the European Quality Improvement System (EQUIS). EQUIS accreditation is held by 122 institutions from 34 countries (EFMD, 2010).

Institutions that hold EQUIS accreditation must demonstrate not only high general quality in all dimensions of their activities, but also a high degree of internationalisation. The standards also look for a balance between high academic quality and the professional relevance provided by close interaction with the corporate world. The EQUIS framework attached particular importance to the creation of an effective learning environment that favours the development of students' managerial and entrepreneurial skills, and fosters their sense of global responsibility. It also looks for innovation in all respects, including programme design and pedagogy.

The Association of MBAs (AMBA) is an international body that accredits Masters of Business Administration, Doctors of Business Administration and Masters of Business Management programmes. It was established in 1967 as an association of business graduates and began its accreditation services in 1983. There are currently programmes accredited at 161 business schools across 72 countries (AMBA, 2010).

Published research relating to specialised business school accreditation is plentiful but tends to focus on the practical implications of obtaining and holding accreditation rather than undertaking a theoretical approach to understand or predict behaviour. There has also been little in the literature that has explored the initial motivations of business schools.

Studies have provided commentary on the process of gaining accreditation with the aim of providing guidance for others (Lawrence & Dangerfield, 2001; Sinning & Dykxhoorn, 2001; Payette, Gupta, & Libertella, 2008) as well as identifying challenges in the process (Scherer, Javalgi, Bryant, & Tukul, 2005). Once a school has gained accreditation there is also a wealth of literature discussing changes that AACSB has implemented to the standards (Ramey, 1993; McKenna, Cotton, & Van Auken, 1995, 1997; Mottilla, Hatfield, Taylor, & Stone, 1997; Yunker, 1998, 2000; Lowrie & Willmott, 2009), and even interpretations of the standards (Kilpatrick, Dean, & Kilpatrick, 2008). The strategies that business schools have

adopted to introduce curriculum changes (Cook, 1993; Stephens, & O'Hara, 2001; Hollister, & Koppel, 2008; Walker, 2009) to meet AACSB's standards have also received a great deal of attention, as has the recent move by AACSB to introduce assurance of learning as a requirement (Brocker, 2007; Marshall, 2007; Beard, Schwieger, & Surendran, 2008; Murray, Perez, & Guimaraes, 2008; Greene & Bao, 2009). Faculty members also come under scrutiny with a number of studies looking at the impact of the standards on faculty qualifications, publishing rates and overall performance (Slone & LaCava, 1993; Ehie & Karathanos, 1994; Henninger, 1998; Martz, 2001; Sinning & Dykxhoorn, 2001; Orwig & Finney, 2007; Koys, 2008; McNair & Richards, 2008; Smith, Haight, & Rosenberg, 2009; Taylor & Stanton, 2009).

The costs of gaining accreditation have been difficult to accurately quantify and few authors have attempted to measure this given the wide range of direct and indirect costs involved, the size of the school and the extent to which they elect to allocate resources to the exercise. Roberts, Johnson, and Groesbeck (2004) suggested that even a small school could expect to exceed US\$500,000 per year but there were a number of variables involved including to what extent faculty and staff were sent to conferences and seminars and the effect of hiring new faculty. There was, however, no study specifically designed to address the cost side of the cost-benefit paradigm until Heriot, Austin, and Franklin (2009) carried out an exploratory study, surveying 10 US business school deans to find out their initial AACSB accreditation costs. The results looked at one time costs as well as increased annual expenditure and demonstrated the difficulty with adequately identifying the true cost of accreditation to a school. Of the schools surveyed, their one-time costs ranged from US\$10,000 through to US\$112,000 while increases in annual expenditure ranged from US\$170,000 through to US\$985,000.

Another branch of research relating to business school accreditation has focused on trying to identify measurable benefits or advantages that accredited schools have over non-accredited schools. Few, however, have been able to conclusively identify real improvements. Conflicting evidence has been identified regarding the benefit to students in relation to their employment prospects and likely starting salaries with Hardin and Stocks (1995) finding "AACSB accreditation does not affect recruiting decisions made by CPA recruiters and

corporate controllers.” (p. 83). In contrast, Kim, Rhim, Henderson, Bizal, and Pitman (1996) found average starting salaries for accounting graduates of AACSB-accredited schools were significantly higher than those from non-accredited schools. Lindsay and Campbell (2003) attempted to determine whether or not AACSB accredited status could be used as an accounting program quality indicator, with mixed results, finding “an accounting faculty’s publication rate and size and the mean ACT scores of a school’s students were associated with accreditation while low student/faculty ratios, tuition rates and faculty salary levels were not” (p125). The impact of accreditation on student choice has also been examined with Daily, Farewell, and Kumar (2008) who concluded that AACSB accreditation is reported by students to be a significant factor in their choice of educational institution. They did, however, temper that with their finding that respondents misunderstand the meaning of AACSB accreditation.

One study that has succeeded in providing a concrete benefit looked at graduation and retention rates. Espiritu (2007) found “...that, on average, accredited institutions enjoy 23% higher graduation rate and about 15% higher full-time retention rate than non-accredited institutions” (p269).

There exists, then, an opportunity to examine the theoretical basis and forces in play surrounding a business school’s decision to commit to gaining international accreditation. Given the lack of concrete evidence available to support measurable benefits to a school being accredited it is necessary to look at organisational and economic theories to explain this phenomenon.

2.3 *Theoretical Overview*

Institutional isomorphism describes the convergence of structures and processes evidenced in organisations in response to external forces. These forces create a certain level of homogeneity among organisations and this may negatively impact on the performance of the organisation or the sector as a whole (DiMaggio & Powell, 1983). This needs to be

examined in the New Zealand business schools context as, if all of those organisations are structured and operate in the same manner, a reduction in innovation and risk taking will occur. In addition the market will find it difficult to differentiate between institutions and this apparent duplication of effort could result in government funding being at risk.

There are three forces described by DiMaggio and Powell (1983) that drive institutionalisation: (1) coercive isomorphism which occurs as a result of political influence and the need for legitimacy, (2) mimetic isomorphism which results from standard responses to uncertainty, and (3) normative isomorphism associated with professionalisation. All three mechanisms can be witnessed to varying degrees in the exercise of accreditation. A tertiary education organisation's desire for legitimacy in the global and national market of business qualifications could indicate that coercive isomorphism is occurring. Mimetic isomorphism drives the organisation when there are uncertainties in the level of demand for its products or when the government signals funding reviews and suggests consolidating degree offerings across New Zealand. Finally, an organisation's intention to offer a degree programme which sets students up for a professional career in business, plus its own desire to operate in a professional manner, could indicate a tendency towards normative isomorphism.

The problems associated with asymmetric information were first analysed by Arrow (1963). Sometimes referred to as information asymmetry, this theory describes transactions where one party (usually the seller) has more information about the product being sold than the other party. Asymmetric information creates incentives for the party with more information to cheat the party with less information. As a result, a number of market structures have developed, including warranties and third party authentication, which enable markets with asymmetric information to function (Arrow, 1963). In the tertiary education sector there are two types of relationships observable which can operate under a situation of asymmetric information. Firstly there is the relationship between the prospective student and the school. For example, the prospective student has decided to "purchase" a business degree but has a wide range of programmes available from which to choose, and has incomplete information as to which programme is best suited for their future career prospects. In this situation accreditation is established in the marketplace as a signalling device the school can use to indicate the quality and status of its particular programme. The second type of relationship

involves the institution and prospective employee, and the information asymmetry can work in both directions. The institution generally has incomplete information about the merits of the candidate and, likewise, the candidate may have incomplete information about the merits of the institution. In this case an accredited institution will signal to the candidate its relative standing as well as indicating the presence of quality-assured processes and policies. For the institution, a candidate coming from a similarly accredited institution will provide reassurance that they will have performed under a similar operational model and will be familiar with the embedded approach to quality assurance.

The willingness of business schools to seek accreditation can be said to be caused by the bandwagon effect. Bandwagons are diffusion processes whereby organizations adopt an innovation, not because of their individual assessments of the innovation's efficiency or returns, but because of the social and economic pressures caused by the sheer number of organizations that have already adopted this innovation (Abrahamson & Rosenkopf, 1993). A dean's unwillingness to risk their school losing competitive advantage therefore provides a significant impetus to seek accreditation and thus provide support for the bandwagon theory.

2.4 Institutional Theory and Institutionalisation

Institutional theory focuses on how social behaviour and structure are shaped by regulatory, normative, and cultural-cognitive forces. It was originally sourced from work in economics, political science, public policy and sociology, but more recently has become a popular reference point for social scientists looking to explain how forces influence social change (Scott, 2002). Scott (2002) also proposed the following definition of institutions: "Institutions are social structures that have attained a high degree of resilience. Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life." (p. 60)

The evolution of an organisation has been described as a process of institutionalisation (Tolbert & Zucker, 1994) which can be broken down into three stages. The first stage is habituation, where an organisation identifies a problem and establishes a new structure to address it. This is formalised by policy or procedure and is not often seen elsewhere, i.e. there is little imitation at this stage. Other organisations are likely to have little knowledge of the structure and it may only exist for a short time. The second stage, objectification, occurs when the structure becomes more widely known across organisations and is adopted by others. The structure will be accepted as having some value and its diffusion is likely to have come about as a result of competitors monitoring each other's activities. This is the first stage of imitation, requiring fewer resources, and attempts to improve one's competitiveness relative to another. Given that the structure can be found in one or more competitor organisations, its diffusion to other organisations will flow more easily as the benefits will be perceived to outweigh the costs. Finally, structures that are well established across organisations are described as semi-institutionalised. Diffusion of those structures becomes normative rather than simply imitation, and this reflects the developing theorization of the structure. At this point the form of the structures across organisations will show reduced variation.

The basis for determining structural similarity, however, has a large part to play in identifying the extent of institutionalisation in the context of accreditation.

2.5 *Institutional Isomorphism*

The seminal article on institutional isomorphism was published by DiMaggio and Powell (1983). They have described those who initially adopt innovations as being primarily motivated by the potential for performance enhancement. Once the structure is widely diffused, however, there comes a point where the benefits of adoption become primarily focused around legitimacy, rather than performance enhancement (Meyer & Rowan, 1977). DiMaggio and Powell provide a description of isomorphism as “a constraining process that forces one unit in a population to resemble other units that face the same set of

environmental conditions.” (p. 149) Three forms of isomorphic change can be described: coercive, mimetic and normative.

Coercive isomorphism occurs as a result of pressures exerted by cultural expectations and by organisations on which the subject organisation is reliant upon. Examples of this include states and foreign multinationals exerting coercive pressure on cross-national organisations (Guler, Guillen, & Macpherson, 2002).

Mimetic isomorphism is more commonly referred to as imitation. This usually occurs in situations of uncertainty and the ability to model an existing structure provides a cost effective solution. When there is uncertainty in the environment business schools will monitor the actions of the others and this comparative information is used to determine the basis of change. DiMaggio and Powell (1983) contend that organisations are likely to model themselves on organisations “...that they perceive to be more legitimate or successful.” (p. 152) This perception is also likely to be of greater influence than any evidence of likely improvements to efficiency. Uncertainty in the Canadian tertiary education environment has been described by McKee, Mills and Weatherbee (2005) as “an ideal climate for institutional mimetic behaviour...” (p. 293). They argue that market-like pressures mean that Canadian business schools are competing for domestic and international students and, as a result, many are seeking AACSB accreditation in an effort to copy the success of their American counterparts. This exercise serves not only to reinforce each institution’s legitimacy, but also reinforces the legitimacy and status of AACSB in the business education field.

Normative isomorphism stems primarily from professionalisation. DiMaggio and Powell (1983) described two types of professionalisation which gives rise to isomorphism. The first type arises from formal education and the second from professional networks. They further contend that universities can become the source of normative pressures through the standardised formal training they provide to managers and staff and, as such, structures coming from that training can rapidly diffuse across organisations.

In each case, institutional isomorphism occurs, not due to any evidence that there will be an improvement to organisational efficiency, but because the organisation will benefit

from being similar to other organisations. The issue of relative efficiency was discussed by Powell and DiMaggio (1991) and they argued that institutional forces do not necessarily result in inefficient businesses. It may, however, be difficult to quantify the benefits versus costs of implementing a legitimating strategy and, of course, it may also be inefficient to try.

DiMaggio and Powell (1983) further argued that those sectors with a professionally-trained labour force will be motivated by “status competition”. To those organisations, attracting high quality professionals is a key goal and being subject to isomorphic pressures will help them ensure they are providing the same employment conditions as their competitors. Government agencies have been found to be more flexible as a result of accreditation and other external reviews (Frumkin & Galaskiewicz, 2004). This is argued to be because they look for ways to accommodate such pressures rather than seeking ways to enhance their performance. Being subject to, and meeting the standards of, external validation exercises appear to be of more importance to the organisation than achieving efficiency gains.

The question of performance improvements in relation to Total Quality Management (TQM) systems was discussed by Westphal, Gulati, and Shortell (1997) and they provided a theoretical explanation as to why such systems do not generally yield improvements to performance. They contend that an organisation undergoing a TQM process is primarily motivated by legitimacy benefits, rather than performance benefits and those benefits are based on four foci: customers; continuous improvement and culture of looking to improve on standards; structured problem identification and problem solving process; and employee empowerment. The legitimacy benefits to be gained from these four areas are perceived to be at a higher level than an accountant’s view of the bottom line. This finding is supported in the accreditation context. Lindstrom (2005) examined the experiences of European business schools gaining EQUIS accreditation and found that external factors such as international benchmarking, recognition and competitive positioning were the primary motivators.

The structure’s relative position in the progression towards institutionalisation can also vary according to the influence of networks. Westphal, Gulati, and Shortell (1997) contend

that at the initial stages, networks may help match innovations to the particular efficiency needs of the organisation. Later on in the process those networks act as conduits to facilitate information about adoption of innovations for legitimacy purposes. The adoption of administrative innovations in hospitals was investigated by DiMaggio and Powell (1983) and they proposed a theoretical framework on the adoption of Total Quality Management (TQM) processes and the influence of normative pressures. They found that improved performance is experienced by those who adopt an innovation earlier because the quality processes they introduce tend to take advantage of their particular strengths. Those who adopt later, on the other hand, will experience smaller performance gains as, due to the influence of isomorphic pressures, they are more likely to adopt an existing process which might not be as well-suited to their particular organisational structure. While the technical benefits may be reduced for those later adopters, it was found that there are still legitimacy benefits to be gained from an organisation adopting an existing innovation, and deciding to conform to normative quality practices and isomorphic pressures. It was therefore argued that the extent of efficiency or legitimacy benefits will depend on the time at which an innovation is adopted, as that determines the extent of conformity. Organisations electing to adopt practices that do not provide any competitive advantage can therefore be explained by a model that incorporates indicators of legitimacy and performance.

An organisation may aim to influence its identity (internal self perception) and image (external perception) by taking a particular strategic direction (Gioia & Thomas, 1996). Accreditation, as a strategic decision, can both reinforce the organisation's identity as well as enhance the image, thus providing an effective defence against organisational selection (Durand & McGuire, 2005; Mills, Weatherbee, & Colwell, 2006). The idea of legitimacy being enhanced via institutional isomorphism is supported by a study of Canadian business schools. McKee, Mills, and Weatherbee (2005) found that Canadian business school deans felt AACSB accreditation provided them with a level of legitimacy which, if they did not have or were not actively seeking, would put them at a disadvantage in the market, particularly the international market where it was seen as a valuable measure of standardisation. This belief is supported by an earlier study by Deephouse (1996) who found that regulators and the general public recognise organisations that conform to the

strategies of other organisations as being more legitimate than those that do not exhibit normal behaviour. Furthermore, it was found that accreditation provided some protection from environmental factors, such as internal budget cuts. McKee, Mills, and Weatherbee (2005) also acknowledged the disadvantages of accreditation. Factors against the process include cost, the resultant level of homogenisation, stratification of universities into professional versus academic, reduced control over the curriculum, curriculum predominantly becoming US-focused, and a lack of competitive edge against other accredited schools.

2.6 *Bandwagons*

Mimetic isomorphism is also referred to as bandwagon effects. Bandwagon effects are diffusion processes whereby organisations adopt an innovation, not because of their individual assessments of the innovation's efficiency or returns, but because of a bandwagon pressure caused by the sheer number of organisations that have already adopted this innovation (Abrahamson & Rosenkopf, 1993; Tolbert & Zucker, 1994). As the number of adopters increases, the bandwagon pressure increases, causing a further rise in the number of adopters (Tolbert & Zucker, 1994), and creating a positive feedback loop (Rosenkopf & Abrahamson, 1999). Bandwagons are especially evident in situations where the benefits of an innovation cannot easily be quantified.

Bandwagon theorists refer to organisations as being part of a collectivity. These are competitor groupings "...where each competitor knows when others in the group have adopted an innovation." (Abrahamson & Rosenkopf, 1993, p. 493)

The influence of reputation can also have an effect on the extent of bandwagon pressures (Rosenkopf & Abrahamson, 1999; Sunstein, 2001). If those with a higher reputation adopt an innovation, the bandwagon pressure will be stronger on non-adopters and those non-adopters will be less likely to seek out their own cost/benefit analysis. They will, instead, trust the judgement of those adopters simply because of their reputation. Such decisions,

though, did prompt Tolbert and Zucker (1994) to ask whether bandwagons are economically harmful. They noted that the popular press are quick to point out examples of bandwagons that could be viewed in a negative light. Rosenkopf and Abrahamson (1999) also pointed to examples of unprofitable innovations, and Sunstein (2001) noted that bandwagons can cause error and confusion. However it has also been contended that bandwagon pressures can jolt individual organisations out of complacency and try new, albeit unproven, innovations. On an individual basis, then, bandwagon pressures can encourage creativity and the exploration of new ideas (Sunstein, 2001). In this situation bandwagon pressures can be seen to imitate the process of natural evolution, whereby genetics sometimes throws out defects that ultimately do not survive. The successful genetic combinations, however, end up strengthening the population. Similarly, generations have ensured their survival through the ability of individuals to imitate others and learn from others' mistakes (Bikhchandani, Hirshleifer, & Welch, 1998). Across a collectivity, however, bandwagons lead to isomorphic structures and a high level of homogeneity.

The increase in bandwagon pressures can be explained by a number of fad theories (Abrahamson & Rosenkopf, 1999). One such theory cites pressure arising from the potential loss of legitimacy. As more and more organisations adopt an innovation, the more it appears that the innovation is legitimate and there becomes a perception that non-adopters are less legitimate (Abrahamson & Rosenkopf, 1993; Rosenkopf & Abrahamson, 1999; Tolbert & Zucker, 1994). Another theory attributes the increase of bandwagon pressure arising from the potential loss of competitive advantage. Non-adopters will perceive that they will fall behind the collectivity in terms of performance and will therefore adopt in order to reduce this risk (Abrahamson, 1991; Abrahamson & Rosenkopf, 1993; Comacchio & Scapolan, 2004).

McKee, Mills, & Weatherbee (2005) relate institutional isomorphism to the Canadian business school sector, identifying AACSB accreditation as an attempt to "...gain or reinforce legitimacy" in the face of "...significant uncertainty in the institutional environment" (p 293). This appears to mirror the outcome of signaling as a strategy to

counter the problems of information asymmetry in the market, which is discussed in the following section.

2.7 Information Asymmetry

Arrow (1963) first discussed the problems relating to information asymmetry in relation to the uncertainty surrounding medical care (i.e. uncertainty regarding the efficacy of treatment and the difficulty in predicting the outcome of treatment). Arrow's theory describes transactions where one party (usually the seller) has more information about the product being sold than the other party.

Information asymmetry leads to the "agency" problem. An agency relationship occurs when one individual (the principal) depends on the action of another (the agent). Difficulties arise when the agent has more information than the principal, or the principal cannot perfectly and costlessly monitor the agent's action and information (Pratt & Zeckhauser, 1991). Information on quality can be costly to obtain (Ro, 1988), and therefore it is not realistic for consumers to be perfectly informed. An example of this can be found in the agency relationships that exist within and between organisations. Pratt and Zeckhauser (1991) examined the agency relationship and the effect information asymmetries have on it. They found that if there was a free flow of information between supervisors and subordinates, and between suppliers and retailers, then goods would be produced and supplied in the most efficient fashion possible. Information asymmetries, however, mean that this doesn't happen. Pratt and Zeckhauser (1991) further contend that "information is a primary source of transaction costs." (p 11.) For example, sales representatives are employed, and advertising undertaken, so that businesses can relay information about the quality of goods they are selling. The dissemination of that information is a cost to the business. The information conveyed, however, tells the prospective purchaser (principal) that the company (agent) is committing significant resources to the product and has confidence in its quality.

Asymmetric information creates incentives for the party with more information to cheat the party with less information. As a result, a number of market structures have developed, which enable markets with asymmetric information to function. Those structures include: guarantees or warranties ((Akerlof, 1970; Arrow, 1963); brand name goods (Akerlof, 1970); and third party authentication (Arrow, 1963). Licensing (Arrow, 1963) and accreditation are examples of third party authentication which provide the market some measure of assurance of the quality of the product and the institution.

Signallers will not invest in acquiring signalling reputations if they are present in relatively large numbers and rarely in the market (Spence, 1973). Reputation is expected to develop over time and being in the market only infrequently makes it difficult to develop reputation. Extrapolating Spence's model, then, if a university is in the education market repeatedly, both students and the university will consider it likely that the university would invest in its future ability to communicate its quality. Should an education provider not be in the market frequently they would not be expected to invest in acquiring signalling reputations. Investment in accreditation, therefore, signals to potential students that the institution is committed to providing a high quality education and is committed to remaining in the market long term. This is a clear indication of the institution's desire to enhance its reputation in the marketplace.

Research into information asymmetry has focused on various markets including job markets (Spence, 1973), the automobile market (Akerlof, 1970) and the healthcare market (Arrow, 1963). There has, however, been little published that links information asymmetry with the tertiary education market, or identifies accreditation as being useful to counteract information asymmetry. In fact Cavico and Mujtaba (2010) question whether AACSB accreditation is necessary, arguing that "the marketplace is the best accreditor" (p110). Furthermore, two studies to test whether or not AACSB accredited status is a valid indicator of programme quality have provided conflicting and therefore inconclusive results (Kim, et al 1996; Lindsay, & Campbell, 2003).

Based on the literature, however, it is proposed that international accreditation is a tool used by business schools to counter the effects of information asymmetry and to signal their quality to the market. By gaining accreditation from a legitimating agency such as

AACSB (Durand & McGuire, 2005), the strategy followed to reduce the effects of information asymmetry has resulted in legitimacy. A model to test this proposition is outlined in the next section.

2.8 A Proposed Accreditation Model

In this chapter a model is introduced, derived from amalgamating the literature from institutional and economic theories, which could be used to explain the motivation for seeking accreditation. The data collected will be tested against this model to establish whether or not it is an accurate descriptor of the process.

In the previous section institutional economic theory has been discussed, with a summary of the literature surrounding institutional isomorphism and bandwagons, as well as information asymmetry. Those models have been applied to the accreditation environment, providing a basis for explaining the phenomenon of accreditation in the context of the New Zealand and global business tertiary education market. These two broad theories can be synthesised into a model which explains accreditation with respect to the environmental conditions, the organisational response to those conditions and the resulting output.

Universities or business schools face differing environmental conditions. In an agency relationship they are in an environment where they have more information about their own quality than the prospective student, or prospective staff member. In the agency theory framework, the business school is an agent and the relationship faces a problem known as adverse selection, i.e. where the agent has more information than the principal about his or her competence. This results in information asymmetry (Arrow, 1963). Under such conditions, the principal might seek to replace the agent with one that provides more information. Therefore, it is in the agent's interest to signal his or her reputation to the principal. Accreditation by an external agency provides the means for signalling the reputation of the institution. This provides a third party, independent, endorsement of the organisation's product which is easily understood by prospective students or employees, and results in legitimacy for the organisation (Durand & McGuire, 2005).

Within the institutional theory framework business schools may face uncertainty, competition and other organisations that are accredited. Uncertainty may occur when the university's funding is under pressure, or the government may elect to change the way in which it funds universities in general. Competition may occur when there are two universities offering the same programmes within the same region, or the same country (as evidenced by universities establishing marketing activities or additional campuses within the vicinity of other universities). Competition and uncertainty are described by institutional theory and cause isomorphic pressures (DiMaggio & Powell, 1983). Under these conditions, the organisation will respond by seeking accreditation in order to appear normal and to ensure its survival. Similarly, increasing numbers of institutions gaining accreditation will result in increasing bandwagon pressures, increasing the pressure on the institution to also gain accreditation.

The institutional and economic theoretical perspectives provide alternative reasons for gaining accreditation, according to specific environmental conditions and the resulting organisational response. Both the frameworks view the goal of accreditation as gaining legitimacy. The organisation ultimately seeks to be seen as acceptable in the marketplace and, whether they take the signalling (economic) approach or the normative (institutional) approach, the desired output of legitimacy is the same. The model is shown as Figure 1.

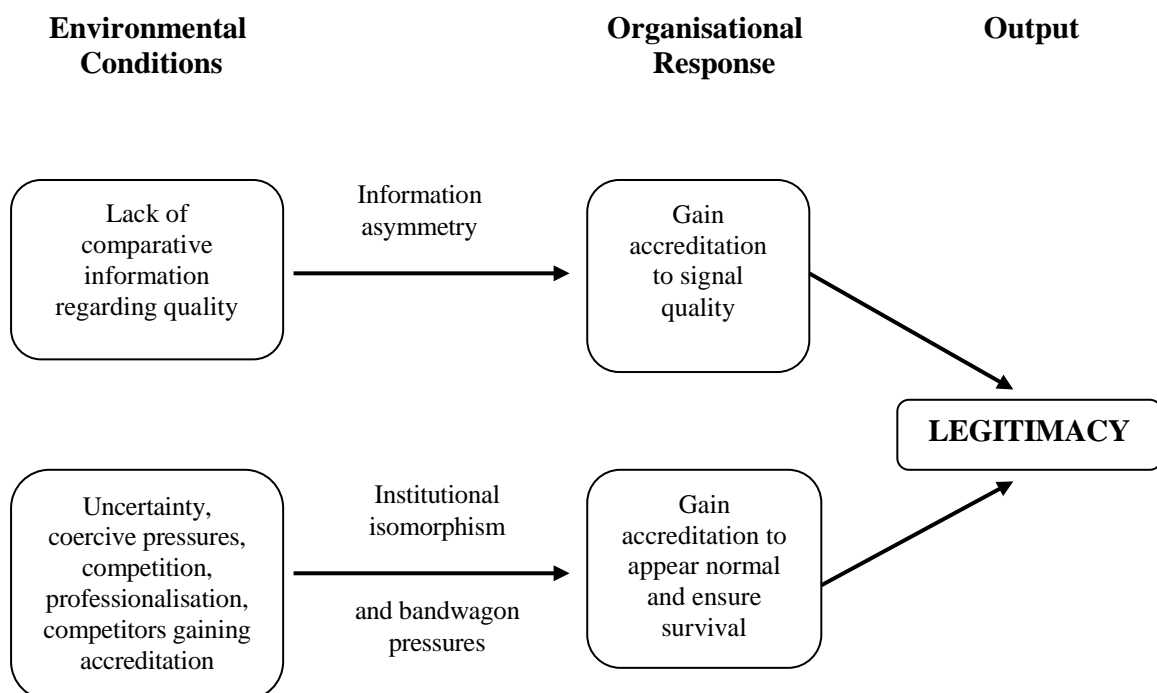
2.9 Conclusion

The profile of international accreditation in tertiary sector business schools has increased since EFMD, AACSB and AMBA opened up their accreditation systems to the worldwide market. This level of interest, however, appears to have occurred in the absence of any hard data confirming tangible benefits to the organisation. It is also occurring in addition to the existing accreditation requirements and quality assurance processes in each country.

One possible explanation for this growing popularity is the emerging isomorphic and bandwagon pressures being applied to business schools, and the need to address information asymmetries in the market. Schools can thus deal with these issues by seeking accreditation

and gaining legitimacy, which is therefore a stronger motivator than performance or financial benefits. A model has been proposed to describe this behaviour and the next section outlines the methodology by which the model will be tested.

Figure 1: Proposed Accreditation Model



3. Research Method

3.1 Introduction

In this section the research method is outlined with a summary of the advantages of the selected method over an alternative methodology, a survey, which was rejected. There is an overview of the schools that were selected to take part, and the process for obtaining their participation, as well as a summary of their key descriptive statistics which provides an overall profile. An outline is then provided of the nature of the interviews, the timeline and the process for analysing the data. This section concludes with a discussion on the ethical considerations and limitations of the study.

3.2 Research Method

The research method involved a multiple case study analysis of interviews carried out with business school deans from New Zealand, the United States of America (US) and across Europe.

Undertaking personal interviews with deans was chosen on the basis of Yin's (2003) assertion that a case study methodology permits more of an explanatory approach. It was also considered that interviewing people in their own environment improves the quality of their answers. It allowed the interviewees to reflect on their experiences and decisions and provided the opportunity to explore ideas in more depth. A qualitative, rather than quantitative, approach was therefore preferred and a survey methodology was accordingly rejected.

The initial design of this study included only New Zealand universities. Late in 2008, however, the opportunity was provided to extend the scope of the study via an international travel grant awarded by the Association for Tertiary Education Management (ATEM). The study was therefore extended to include business schools in Europe and the US, enabling a

comparison of the European and US experiences with the data collected from the New Zealand interviews.

Each of the deans was visited in their school environment and interviewed using a predetermined set of questions (Appendix C). The questions were designed to examine the motivations for each school to seek accreditation, explore the competitive environment each school is operating in, the level of uncertainty they face and any changes to the culture, process and structures experienced during the accreditation process. The motivations and experiences were then compared across the three groups to identify any similarities and differences. Finally the data would be tested against the proposed accreditation model to establish its value in explaining the phenomenon of accreditation.

3.2.1 *Number and Selection of Participants*

The relatively small number of universities in New Zealand and the ease of travel across the country meant that it was desirable, and possible, to include all of the New Zealand universities. As a result all eight business schools were invited to take part; University of Auckland, Auckland University of Technology (AUT), Waikato University, Massey University, Victoria University of Wellington, University of Canterbury, Lincoln University and Otago University. Of those, all agreed to participate with the exception of the University of Auckland. The associate dean, academic programmes, at the University of Auckland Business School cited a “...*serious conflict of interest*...” (S. Laurenson, personal communication, 3 October, 2008) due to her developing a research proposal for a doctorate at that time.

For the Europe and US groups, five schools in each were chosen. This size was chosen to enhance the robustness of the data and provide a broad sample in each geographical grouping that allowed for trends to be identified and generalisations to be made across each set. This size also remained manageable within the available travel budget.

In Europe, schools were selected on the basis of a number of factors. The dominant accrediting body in Europe is EFMD and so all of the subject schools in Europe had to be at least EQUIS-accredited. In order to get some parity with the US and New Zealand schools it

was also preferred that the schools be AACSB-accredited as well, and the five selected did each have both accreditations. I also determined that there should be only one school from each country. The reason for this was to ensure as broad a cross section across Europe as possible in order to gain a European-based perspective rather than a country-based perspective. Schools were also selected in adjoining countries across Europe in order to more efficiently make use of rail travel across the continent.

The US schools were chosen on the basis of their initial AACSB accreditation. All schools had received their first accreditation from AACSB during 2007. The advantage of interviewing newly accredited schools was that it was more likely the dean involved had also been involved in the full process, including the initial decision-making process. An initial shortlist was drawn up of all the US schools that had received initial accreditation in 2007, totalling seven. Of those, five had been announced by AACSB in an April 2007 press release and these were chosen to be part of the initial group. A further two schools were announced in press releases later in 2007 and would have been approached had any of the initial five been unable or unwilling to take part.

3.2.2 *Nature of Participants*

All of the European schools can be classified as early adopters of EQUIS and AACSB accreditation. One school had received AACSB accreditation as recently as 2009 but is still one of relatively few in its country. All except one school were triple accredited with AACSB, EQUIS and AMBA. The group included mostly publicly-funded schools, with one privately funded, and a cross section of sizes, ranging from 27 to 250 faculty. They also offered a cross section of programmes with one school offering programmes only at masters level. The rest offered programmes at all levels and all schools had a diverse student body that included international students. A summary of the schools included is shown in Table 1.

The US schools had all received their initial AACSB accreditation in 2007 and, with AACSB already well established as a respected accreditation programme in the US, this group can be classified as late adopters. They include a mix of publicly and privately funded schools and offered a cross section of programmes, although none at doctoral level. Notable

about this group was that they had few, if any, international students. A summary of the schools from the US group is shown in Table 2.

The New Zealand schools were a mixture of early and late adopters. The first group, the “early adopters” are those who are already accredited by both AACSB International and EFMD (Waikato and Otago universities). The University of Waikato and the University of Otago, along with the University of Auckland, had all achieved initial AACSB accreditation by the middle of 2006. The next school to gain AACSB accreditation was Massey University in mid-2009, after the interviews for this study took place. This three year gap provided a natural division between the two groups and Massey was therefore retained in the group of late adopters. The second group, the “late adopters” (AUT¹, Massey, Victoria and Canterbury universities) are therefore those who were going through the process of seeking accreditation at the time of the interviews. Lincoln University has not yet formally entered the accreditation exercise but is a member of AACSB International and is anticipating entering the accreditation process in due course. On the basis that it intends to seek accreditation, it has been included with the group of “late adopters”.

A summary of the New Zealand schools is shown in Table 3. The data is sourced from summary data published by AACSB on its website and comprises information voluntarily provided by the schools. As a result not all information has been provided by the New Zealand schools and the table has some blank entries. It does, however, confirm that all of the schools are publicly controlled and, while vary slightly in size, offer very similar programmes across the country. Their key differentiator is their location.

¹ Auckland University of Technology

Table 1: Summary Statistics of the European Schools

University Name (Year of Establishment)	Erasmus University	Vlerick Leuven Gent Management School	BEM Bordeaux Management School	University of St Gallen	Universitaet Mannheim
Business School Name	Rotterdam School of Management	As above	As above	As above	Mannheim Business School
Year of Establishment	1913	1953	1874	1989	1907
Country	The Netherlands	Belgium	France	Switzerland	Germany
Institutional Control	Public	Private	Public	Public	Public
Undergraduate students	3973	0	173	2012	1621
Masters students	3308	403	1976	1485	2581
Doctoral students	116	0	2	552	203
Percentage international students – undergraduate	21%	n/a	<1%	25%	Not available
Percentage international students – Masters	23%	25%	10%	39%	42%
Percentage international students - Doctoral	60%	n/a	50%	66%	6%
Undergraduate programmes	yes	no	yes	yes	yes
Masters programmes	yes	yes	yes	yes	yes
PhD programmes	yes	no	yes	yes	yes
Number of Faculty (FTE)	150.70	42.2	61.30	87.64	204.02

Source: AACSB International 2008-09 Business School Questionnaire. Accessed from <http://www.aacsb.edu/accreditation/AccreditedMembers.asp> on 5 January 2010.

Table 2: Summary Statistics of the US Schools.

University Name	Shenandoah University	Queen's University of Charlotte	North Georgia College and State University	University of Illinois at Springfield	University of Wisconsin-River Falls
Business School Name	Harry F Byrd Jr School of Business	McColl School of Business	Mike Cottrell School of Business	College of Business and Management	College of Business and Economics
Year of Establishment	1875	1857	1873	1969	1874
State	Virginia	North Carolina	Georgia	Illinois	Wisconsin
Institutional Control	Private	Private	Public	Public	Public
Undergraduate students	245	229	916	754	872
Masters students	56	293	25	342	56
Doctoral students	0	0	0	0	0
Percentage international students – undergraduate	0%	9%	2%	2%	0%
Percentage international students – Masters	0%	3%	0%	13%	0%
Percentage international students - Doctoral	n/a	n/a	n/a	n/a	n/a
Undergraduate programmes	yes	yes	yes	yes	yes
Masters programmes	yes	yes	yes	yes	yes
PhD programmes	no	no	no	no	no
Number of Faculty (FTE)	20.75	21.50	25.88	41.75	30.87

Source: AACSB International 2008-09 Business School Questionnaire. Accessed from <http://www.aacsb.edu/accreditation/AccreditedMembers.asp> on 5 January 2010.

Table 3: Summary Statistics of the New Zealand Schools

University Name	Auckland University of Technology	University of Waikato	Massey University	Victoria University of Wellington	University of Canterbury	Lincoln University	Otago University
Business School Name	AUT Business School	Waikato Management School	School of Business	McColl School of Business	College of Business and Economics	Commerce Division	School of Business
Institutional Control	Public	Public	Public	Public	Public	Public	Public
Undergraduate students		2455	7456		2647		3121
Masters students		782	553				24
Doctoral students		100	160				Not given
Percentage international students – undergraduate		31%	34%		14%		15%
Percentage international students – Masters			6%				38%
Percentage international students - Doctoral			0%				Not given
Undergraduate programmes	yes	yes	yes	yes	yes	yes	yes
Masters programmes	yes	yes	yes	yes	yes	yes	yes
PhD programmes	yes	yes	yes	yes	yes	yes	yes
Number of Faculty (FTE)		116	229.34		73		146

Source: AACSB International 2008-09 Business School Questionnaire. Accessed from <http://www.aacsb.edu/accreditation/AccreditedMembers.asp> on 5 January 2010.

3.3 *Conducting of Interviews*

Each interview followed the same basic set of questions but allowed for further probing to clarify and establish linkages between information provided. Each interview took between 40 minutes and 2 hours 20 minutes, however most were completed in, on average, 1 hour. The differences in time varied simply due to the extent of reflection and number of examples provided by the interviewee to illustrate answers given.

Interviews were recorded using a dictaphone and transcribed verbatim by the author. Each transcribed interview was identified by a letter so that later analysis would retain the anonymity of the responder. The only identification possible, therefore, are the New Zealand early/New Zealand late/European/US groupings and School A, School B, etc within those groups.

3.3.1 *Interview Process and Timeline*

The dean of each New Zealand university business school was emailed in August 2008. The email outlined the proposed purpose of the project and invited their participation. Interviews of the New Zealand deans were carried out during October and early November 2008. During that period the opportunity also arose to interview the former dean of the School of Business at Otago University and that interview was carried out in December 2008. In some instances the dean recommended an alternative person to be interviewed. In all cases this person was a deputy or associate dean, or in a similar position, who was directly responsible for the school's accreditation exercise.

Following the award of the Peter Karmel International Travel Grant, deans in the selected European and US business schools were emailed in December 2008. As with the emailed approach to the New Zealand business schools deans, the European and US deans were provided a brief outline of the goals of the proposed project and were invited to participate. All of the European and US deans agreed and, with the exception of Shenandoah University, interviews took place on each campus during July 2009. The interview of the dean of the Harry F Byrd School of Business at Shenandoah University took place in April 2009. The full interview schedule is contained as Appendix D.

At the beginning of each interview I briefly summarised again the purpose of the study and provided each interviewee with an information sheet (Appendix A). The information sheet outlined the name of the project, the purpose of the interview and explained that the subject had the right to withdraw at any stage. It also confirmed the confidentiality of the data and contained the assurance that quotes that may identify the individual or institution would not be used without the participant's consent. Each participant was also then provided with a consent form (Appendix B) which they signed and gave back to me.

Transcribing of the New Zealand interviews took place over the months of January through to April 2009. The European and US interviews were transcribed during July and August 2009.

During September/October 2009 analysis of the interviews was undertaken and writing of the thesis commenced in November 2009.

3.4 Analysis of Interviews

A qualitative approach was taken, using explanatory, multiple-case study methodology (Yin, 1994). By interviewing multiple deans in the two groups I was able to increase the generalisability of findings from each group, minimising the chances of any particular result being idiosyncratic (Miles and Huberman 1984). Because of the possibility of comments from the interviews being of a sensitive nature care was taken to ensure that identifiers (e.g. Dean A, Dean B etc) were used to minimise the risk of readers being able to attribute comments to individuals.

For each group, the data from the interviews (transcripts and notes taken) were collated into meta-matrices, as described by Miles and Huberman (1984). Firstly three tables were composed, one each for New Zealand, Europe and the US. Each table comprised a column for each university in that grouping and a row for each question. In the table I wrote in key responses from each interview. The tables for New Zealand data can be viewed at Appendix E, the data from the US interviews is summarized in Appendix F and the data from the

European schools is within Appendix G. From those tables I identified the general trends from each group and summarized them in a second summary table. The summary table had the same questions set out in rows but the columns were this time headed “NZ – Early Adopters”, “NZ – Late Adopters”, “Europe” and “USA (Appendix H). In this table I combined the responses and, for the questions relating to motivation, analyses, benefits, challenges, uncertainty, competition and benchmarking, coded them according to the following traits.

Trait	Code
Information Asymmetry	INAS
Mimetic Isomorphism	MISO
Coercive Isomorphism	CISO
Normative Isomorphism	NORM
Bandwagon Pressures	BAND

At the bottom of each section the number of traits was summarized and the dominant trait was identified for each group. Once the dominant traits had been established these could be tested for fit against the proposed accreditation model. Responses that involved factors that didn’t align to the traits were left non-coded so that they could be examined separately for any unintended or unexpected factors.

3.5 Ethical Considerations

This multiple case study relied on human participation through the gathering of data from interviews. University of Canterbury Ethics Committee approval was therefore required and obtained on 9 July 2008. The research met the criteria for a low risk application, as outlined in the University of Canterbury Human Ethics Committee Principles and Guidelines. It did not raise any issue of deception, threat, invasions of privacy, mental, physical or cultural risk

or stress, and does not involve gathering personal information of a sensitive nature about or from individuals.

At the beginning of each interview participants were provided an information sheet which outlined the purpose of the research, the required level of involvement required and the intended use of the information. Participants were informed that their responses would be kept confidential and that any quotes used in the thesis would be used in such a way as to not be attributable to an individual or a school. Each participant was also asked to sign a consent form which acknowledged the individual's right to withdraw from the project at any time.

3.6 Limitations of this Study

The primary limitation of this project was that it was not always possible to interview the deans who were actually involved with the initial accreditation process. Some schools had been accredited for several years and therefore the dean being interviewed had not been involved or was not responsible for the original decision. Some responses were therefore impressions of what the dean or school was thinking at the time. This limitation was mitigated by the selection of deans in the US group who had only recently earned their accreditation. Of those, only one dean had commenced their tenure after the accreditation had been awarded. That person, however, had been closely involved with the school's journey through the accreditation process and was therefore well placed to provide a good outline of the motivations involved at that time.

3.7 Conclusion

This section has discussed the selection of the research method and considered its benefits over that of a standard survey option. Survey methodology was rejected as qualitative data was preferred rather than quantitative data and the interviews allowed for more in-depth and

reflective answers. Seventeen interviews in total were carried out, five each in Europe and the US and seven across New Zealand, providing a cross section of information from which it is expected that common themes will emerge which will explain the actions and motivations of schools entering the accreditation process. The interviewees were assured of their anonymity in order to encourage full and frank discussions of their experiences, and care has been taken to ensure responses quoted in this thesis do not identify individuals.

In the next section the findings of the interviews are reported and the common themes for each group are identified.

4. Findings

4.1 *New Zealand Business Schools – Early Adopters*

This group comprised the University of Otago and Waikato University.

4.1.1 *Motivation*

The first section of the interviews explored the motivation of the schools to initially seek accreditation. The interviewees were asked to outline the reasons the school decided to enter the process, any analyses undertaken to support the decision and the benefits they expected to gain from the process.

A number of reasons were given for seeking accreditation. The consistent message coming through was the desire to be seen as a business school of international standing (“...*it was his vision to be an internationally recognized school...*”). In order to be internationally recognized it was considered necessary to be members of the accreditation “clubs” and that those clubs would help with networking and setting up international partnerships.

As early adopters, these schools also intended to establish a point of difference from the other New Zealand schools. However, this desire was not as important as the competitive desire to keep up with the University of Auckland, which was also seeking accreditation (“*At the time we knew that Auckland University was also seeking accreditation to all the accreditation agencies and we wanted to be able to make the same claim.*”).

Despite the initial and ongoing costs of accreditation neither of the business schools was able to confirm that any formal analysis had been undertaken prior to making the decision to seek accreditation. While it was possible that some estimate of costs may have been made in one or two instances, it was clear that this was a strategic rather than a financial decision based on the knowledge that “...*all the good schools have AACSB...*”.

Both schools in this group anticipated gaining a number of benefits out of the process. In addition to the improved standing in the international community the deans in this group saw themselves as being able to use the process as an external driver to implement improvements and change in the school. It was very much seen as a tool to improve the business school as a whole.

“Having accreditation doesn’t make you a better school. It makes the steps to being a better school easier because it forces your attention on certain things.”

4.1.2 *The Education Environment*

In this section of the interviews the deans were asked to consider their outlook on the education environment and the particular challenges they are facing. They were also asked whether or not they felt that being accredited helped protect them from those challenges.

The most significant challenge being experienced by this group is improving their standard of research. Closely related to this is the issue of attracting and retaining good quality academic staff. The New Zealand government’s Performance Based Research Fund (PBRF) has made the market for academic staff very competitive and universities have become highly motivated to improve or maintain their relative scoring and position in each PBRF round.

The effect of accreditation on dealing with those challenges appeared to be limited by the stronger effect being felt by the PBRF pressures.

“...other parts of the university are much more research focused than we are already, it is still a bit of a quantum leap for this school. I think we’ve got quite a ways to go.”

While the accreditation model supported the schools’ efforts to improve the research performance of their staff, this was overshadowed by the funding and reputational pressure being applied by the PBRF. It was acknowledged, however, that being accredited did

improve the schools' visibility when marketing overseas for new faculty and therefore had a positive effect on recruiting high quality faculty, and this had a spillover effect for PBRF.

“...we have quite a few staff that come from North America. They're aware of the significance of AACSB and it makes a difference, I think, at the margin. Particularly for a university but I suppose for many people in the United States we'd be relatively unknown. That makes a difference, because it gives them something to compare us against.”

Other challenges cited by this group included the desire to attract good quality international students and to develop better international partnerships. One dean acknowledged that being accredited had made them more cautious with their international partnerships and that they now gave more consideration to a school's accredited status when deciding whether or not to deal with them.

The deans were asked to reflect on their experience and perceptions of the level uncertainty in the education environment and the factors they considered determined that uncertainty. It was generally felt that there was moderate to low uncertainty and that this could be influenced by such things as the appointment of a new Vice-Chancellor, changes to government funding policies and the stability of international student numbers and their resultant impact on the income stream.

This group believe that being accredited does not protect or help them deal with the uncertainty they faced in the education environment. This is because it is believed that the school has limited or no direct control over those factors that cause the uncertainty.

When looking at the competitive environment (i.e. who are your competitors) there was a mixed response regarding the location of their competition. One school identified local universities within a geographical grouping as their primary competitors and Australian universities to a lesser extent. The other did not view the other New Zealand universities as being competitors at all, but did feel that they were competing globally for quality faculty. In both cases it was agreed that being accredited did help them deal with the effects of competition. Whether competing for students or for faculty, being accredited provides

recognition of achieving a certain standard and improves the recognition for potential employees.

4.1.3 *The Market*

There was a mixed view as to the value of accreditation in recruiting students. One school believed that accreditation was having an impact on domestic student recruitment, quoting

“Our student surveys suggest a high level of recognition of the importance of accreditation. ... I do think that students think about well, if I’ve got a degree from an AACSB-accredited school and I go to North America it might be more easy for me to get a position or to get into another school. I think they’re aware of those things.”

This dean was the only one I interviewed that indicated they routinely asked students about accreditation in their surveys. The other dean, in contrast, remained unconvinced that it had any actual impact on domestic student recruitment and did not have a view on international student recruitment, maintaining that international student enrolments was not a high priority for them.

There was consensus, however, on the recruitment of quality faculty. Universally it was felt that being accredited does help with recruitment, especially for faculty coming from overseas.

“...for the recruitment I think it is important, especially from abroad, which of course is where we’re all recruiting from quite a bit. If there’s someone from Germany and they’ve never heard of xxx and they have a look at it, the quality of the webpage is probably pretty important, certainly that it says AACSB on the front could keep them looking anyway...”

Being accredited therefore helped the school’s visibility in the marketplace and was seen to improve its profile in the minds of potential applicants. Furthermore those applicants coming from accredited schools will already be familiar with the quality assurance

framework and will be coming in with the right ethos, which puts them at a comparative advantage against other applicants.

In contrast, it was also agreed that being accredited had no impact on retention, or had a negative impact on retention. This was not necessarily seen as a disadvantage, however. It was usually viewed positively as it tended to be the underperforming faculty who left an accredited school, thus decreasing retention rates but having the effect of increasing the overall research performance and quality of the school.

4.1.4 *Internal Functioning*

The final section of the interviews explored the changes to the internal functioning of the school either during the process of gaining accreditation or since being accredited but due to that process. The changes identified could be grouped into three primary areas; standardization of procedures, internationalisation and cultural changes. Changes to faculty qualifications were also identified but because it was felt they were primarily influenced by PBRF, and not accreditation, they are not discussed here.

The standardization of procedures was identified as the most significant change. In both schools there is now more extensive documentation of quality assurance practices and policies. Their strategy documents and mission statements have been improved or, in some cases, created. Changes to degree curricula have changed, for instance the introduction of core curricula has been implemented as a direct result of meeting the standards requirements of AACSB. A higher standard of care is now applied when scrutinizing applications, for instance awarding credit from other institutions.

Internationalisation has also been affected by accreditation. It has changed the way in which business is done with international partners. For instance, where previously internationalisation was simply thought of as the need to get more international students, accreditation has forced the schools to think more holistically about it, for instance in terms of the curriculum, student exchange partnerships and research partnerships.

One of the biggest ways in which obtaining accreditation has changed these two schools is their culture. Deans described the process as instilling a sense of pride in staff and in

bringing the school together to work as a more cohesive group, i.e. one school rather than a collection of departments.

“... the whole thing lies behind making the school more like a school of business, instead of ... semi autonomous departments....[the dean] changed the funding so that there is an interest in behaving like a school co-operating instead of competing. We used to compete between departments.”

It also acted as an external driver for change working as an effective tool for the dean to more quickly introduce changes than would have otherwise been possible.

In this final section, the deans were also asked to consider the extent to which they benchmarked against other schools to help influence the direction of those changes. Neither felt that they were influenced at all by other schools, describing the changes as mainly being driven from within or, at the most, being aware of how things are run elsewhere from experience working at other large business schools.

“We didn’t try to set up accreditation units like other people have, and I’m not sure who we would have thought to look to. ...No, we did it so we could do what we needed to do, so it was driven from within.”

4.2 New Zealand Business Schools – Late Adopters

The schools in this group included the Auckland University of Technology (AUT), Massey University, Victoria University of Wellington, the University of Canterbury and Lincoln University. Since the interviews were completed, Massey University has received AACSB accreditation but remains in this group due to the three year gap between the accreditation awarded to Massey and initial accreditation awarded to the early adopter group.

4.2.1 *Motivation*

The most common and first response of the deans in this group when asked about their motivation to seek accreditation was reputational. They viewed this as an opportunity to network, not only with fellow deans, but with people who inspire. There was a strong focus on improving the school's visibility and to benchmark the programmes against those already accredited. The involvement of Auckland, Waikato and Otago universities was also a strong influence.

Competitive forces came through as well with comments being made about the ability to improve the school's competitiveness and to improve the quality of the business faculty. There was also a feeling that accreditation would improve the schools' ability to recruit students from North America.

The final influence that motivated deans to commit the school to the process was the opportunity to use the accreditation model as an external driver to improve the school, to force the school to look at itself in a serious way. (*"...it provides a catalyst for improving standards and quality..."*)

None of the deans were able to outline any significant or strong exercise to analyse or justify the decision to enter the accreditation process. As with the early adopters this was seen as a strategic rather than a financial decision influenced more by an awareness of who else was already accredited than the measurable benefits to be gained from the exercise. *"...well all the good schools I know have AACSB so why don't we go for it?"* *"The leading schools had already made that commitment that this was the way to go and so on that basis it seemed to me it was a relatively straightforward decision."* A couple of deans in the group indicated that there had been some estimate undertaken of the likely costs, however this wasn't being compared against any financial benefits expected. It was more of an exercise to ensure the school could afford it. *"...my main role was to make sure we had the resources put in place to actually achieve these goals."*

But while financial benefits were not formally anticipated, the deans did clearly expect to gain greatly from the process. These benefits came generally from such things as gaining an

international reputation, and enhancing the networks, being part of a club. One dean described one of the important anticipated benefits as having the opportunity to participate and engage with the development of business and management education. Peer pressure was also evident and it was clear that this group didn't want to be in the position of being the only unaccredited school in New Zealand. It was noted that while there may be no advantage to being accredited (because everyone else is), there would definitely be a disadvantage if the school was not accredited and everyone else is. There was also a clear drive to improve the quality of the school and to use the accreditation framework as an external driver to implement change. It was also felt that gaining one accreditation would have a snowball effect, making it easier to gain other accreditations and that this would provide a viable alternative to university rankings.

4.2.2 *The Education Environment*

The schools reported facing a wide range of challenges in the education environment. Many of the challenges centered on funding and ensuring there was sufficient revenue to maintain ongoing viability. Examples of this included the need to increase academic salaries (squeezing margins) in order to attract and retain faculty, maintaining domestic student enrolments, lack of discretion in fees setting, offering competitive salaries to attract the right staff, government funding policies, attracting international students (and being dependent on that income stream). In addition to the specific funding challenges the deans were also commonly concerned with addressing staff shortages and felt they were competing in a global market to attract adequately qualified faculty to New Zealand.

The role that accreditation has in protecting the schools from those challenges, or to better face those challenges, was clearly mixed. It was seen that some challenges were things the school had no control over, and therefore accreditation made no difference. The primary example of that was the government funding policy which determined the bulk of the school's funding stream and which also prevented the school markedly changing its tuition fee structure to compensate. Other challenges could be addressed by being accredited. For instance it was felt that there was a real benefit to having all the schools AACSB-accredited as it would provide a signal to the world of the quality of New Zealand business education as

a whole and this would help attract well qualified faculty and international students, maintaining international competitiveness overall.

There was disagreement as to the level of uncertainty in the environment. It was generally felt that there was a low to moderate level of uncertainty with the only exception being the international market. This was considered to be highly uncertain due to the global economic crisis that was starting to take hold in 2008 and came into full effect in 2009. This put at risk students' access to credit and the schools' ability to attract external research funding. The major determinate of uncertainty, however, was considered to be government policy and how that affects the funding of universities. Most deans did not foresee governments drastically changing the way universities are funded and so this was seen as not having a large impact on the schools. Accreditation was seen not to have much impact on reducing this type of uncertainty although it was noted that it might have a role to play in reducing uncertainty in terms of the global competitive environment. For instance, an accredited school might be more likely to attract declining (and more selective) students and staff. In this situation the reputational benefit of accreditation could be exploited.

The competitive environment in New Zealand is unusual. The relative spread of each university means that the schools do not tend to see the other New Zealand schools as competitors. (*"I don't think viewing other NZ universities as competitors is actually very beneficial."*) Exceptions to this were evident in areas where there are two or more business schools in relative proximity to each other. What was more likely was for the deans to consider countries (i.e. Australia) or schools on the eastern coast of Australia as competitors. The New Zealand deans tend to be relatively collegial and see themselves as collectively promoting New Zealand as a destination rather than an individual school. On this basis they tend to be much more interested in seeing all of the New Zealand schools gaining accreditation rather than one or two in the group. This was described as promoting New Zealand as a brand (*"...the higher standard they are the better international students see New Zealand as a destination..."*). This was seen as important for long term protection and to moderate against the effects of league tables which New Zealand schools, by virtue of their size, have difficulty breaking into.

4.2.3 *The Market*

There was mixed opinion as to the direct effect accreditation would have on improving domestic student recruitment. There was a presumption by some in the group that it would improve but there was no confidence in this expectation and others felt that, for undergraduate students, the relative investment in their education was small and so accredited status would not be a big factor in influencing the enrolment decisions. One dean believed that accreditation would help indirectly in that being accredited would result in other indicators of quality which would positively affect the school's ability to recruit domestic students. What did gain more traction, however, was the idea that accreditation would protect the school from losing ground in the market. So while it was not felt that being accredited would increase market share it was believed that there would be a risk of losing market share should the school not be accredited.

The international market was seen as being the more significant beneficiary of accreditation with all deans expecting that international students would be easier to attract, in particular through the operation of bilateral and exchange agreements.

It was generally agreed by the NZ late adopters that being accredited would improve their ability to attract academic staff (faculty), especially faculty coming from Australia or the United States. All schools reported competing for faculty worldwide and the ability to attract good quality faculty has the potential to significantly affect a school's PBRF performance. This effect, however, is moderated by the school's ability to pay competitive salaries. Retention of staff, however, was seen slightly differently. No one believed it would have any effect on the retention of research active faculty. What was expected to happen, however, is that there would be a negative impact on retention through the loss of staff that are not meeting the school's research expectations. The accreditation framework was therefore being viewed positively as a tool to improve overall performance despite retention figures possibly painting a bad picture for the school

4.2.4 *Internal Functioning*

The most significant changes to the internal functioning of schools involved improved processes and changes to the culture. Examples of cultural change include a more student-focused approach and greater discourse around teaching. Some of the cultural change was aided by the hiring of new faculty, who were more easily socialized into the culture of the accreditation, as opposed to current faculty who may be naturally more resistant to change. The most commonly cited improvement to processes involved the monitoring of staff performance. This change was also influenced significantly by the PBRF but accreditation provided an additional tool with which to improve the qualifications and research activity of faculty. Most deans reported that they now have better information on their faculty resources as a result of the accreditation process. The need to improve the quality of faculty had also resulted in changes to hiring policies. For instance, at least one school will now only hire PhD-qualified faculty, whereas previously it had been considered acceptable to hire someone and put them on a developmental path where they complete a PhD in situ.

The process had also had an effect on the culture of the schools with staff now taking their qualification status (i.e. AQ/PQ status) more seriously. Overall it was felt that the changes implemented were given more credibility and were more acceptable to staff due to the externality of the accreditation framework.

While a minority of schools in this group added one or two additional administrative positions or subcommittees (e.g. an associate dean or faculty-wide committee on teaching and learning), most reported that the framework overlaid the existing structure of the school.

Deans did not consider themselves to be significantly influenced by others when deciding how to structure their policies and processes. It was felt there is a high degree of homogeneity already which is globally influenced by the accreditation framework. Most of the group, however, felt that they recognised there is no single solution and so made adaptations to suit their individual requirements and resource availability.

4.3 *European Business Schools*

The European business schools interviewed were Erasmus University, Vlerick Leuven Gent Management School, BEM Bordeaux Management School, University of St Gallen and the University of Mannheim.

4.3.1 *Motivation*

When asked the initial question about why they sought to be accredited some consistent themes came through based around internationalisation, the triple crown achievement, proving university level equivalency and the opportunity to obtain external feedback on their activities.

The most frequently cited reason was to do with internationalisation. The schools wanted to be international players and saw the accreditations as one way of achieving this. In some instances it was described as wanting to prove their worth to the commonwealth or to the United States. The education systems in different countries across Europe can differ from the British and US models and so it was important to these schools to demonstrate that the quality of their education is as good as those in more well known systems, was equivalent to university level study and to make the qualification more transportable for students.

“...they just did not get the school system, they did not get the higher education system and so on, and with AACSB the school hoped, and it worked, that they would understand better what we were doing.”

A theme of exclusivity also came through strongly with the opportunity of gaining “triple crown” accreditation seen as something that was highly desirable. Triple crown accreditation involved having AACSB, EQUIS and AMBA accreditations and there is a much smaller global group that can advertise this feature, and do so to take advantage of the exclusivity it brings them.

No analyses were undertaken by any of the European schools in this group to justify their decision to seek accreditation. In some cases peer pressure was evident but there was a strong theme evident in that this was an intuitive, subjective decision.

“It was kind of a belief; it was kind of a credo that we’d go for the accreditations and the belief that that was the future of this place. In itself, getting the accreditation was an extremely big part, each one being seen as climbing the mountain of internationalization.”

By going through the process the deans believed that their internationalisation efforts would improve and that AACSB carried a better known label when the schools marketed themselves overseas, particularly in the US.

It was also felt that there would be an overall improvement in the school through the peer review process. The deans acknowledged that there can be blind spots in one’s vision and having an external group come in can be beneficial in identifying areas for improvement. Such recommendations from an external body also tend to carry more weight than those generated from within the school and this was seen as a real advantage. In this way accreditation proved to be a valuable external tool to drive change.

“It was also a good tool for the board of directors, to get things moving. Because if you looked at these changes, without accreditation, professors would have said “are you crazy?” and “I have enough to do” ... And now we can say “well you have to do it because of accreditation”.”

It was also described as providing a framework which forestalled emotional discussions around the curriculum.

4.3.2 *The Education Environment*

The challenges being faced by the European schools centered on the economic climate, internationalisation, changes to the Bologna system and, to a lesser extent, maintaining the school’s ranking and identity.

The most commonly reported challenge was that of the economy. During the time of the interviews with the European schools the global economy was suffering a major crisis and this was being reflected in the comments of the deans. Those schools that offered significant executive education (e.g. executive MBA) programmes were noticing the downturn in enrolments due to organisations cutting back their expenditure on professional development for their staff.

Other schools were looking to expand their operations offshore and so were facing the challenge of setting up sites overseas. The so-called Bologna changes refer to the 1999 Bologna Declaration in which European countries agreed to move to a uniform qualifications model and a common currency of credits to enable students with enhanced mobility for credit transfer across the continent. The new qualifications model comprises a 3 year bachelors degree, 2 year masters degree and 3 year doctoral degree, and for some countries this represents a significant change to their tertiary education structure and numerous challenges to overcome. For instance, in a country where the first qualification was typically 5 years duration, this has now been broken down into a 3 year bachelor's degree plus a 2 year masters. It has, however, been necessary to reassure employers that a bachelors degree graduate with only 3 years of study is still employable while also dealing with the likely financial effect whereby most students are now only going to stay at university for 3 years rather than 5 years.

When asked to consider whether or not being accredited would protect against those challenges, the general view was there would be no protection. This is because it is perceived that the school has no control over those challenges. For instance the school has no control over the global economy and has no control over the extent to which companies can afford to pay for staff training. In addition, it was held that being accredited increases the pressure to maintain standards which can be costly for a school to achieve on a limited budget.

“[accreditation] makes [the challenges] worse sometimes because, if you look at EQUIS, there is a strong pressure exerted by EQUIS to recruit international faculty. ...But basically within our system, I find it very difficult to offer star salaries. ...I've had to refuse two

or three stars and EQUIS are like, “why aren’t you recruiting them?”. So it’s something that’s really difficult.”

While the schools were dealing with many challenges, the level of uncertainty they faced was mostly considered to be low. Factors influencing the level of uncertainty included student numbers in relation to the economy, the ability to place graduates in jobs and issues surrounding student recruitment due to the Bologna changes. Again, the fact that the schools believed they had no influence over the factors that did cause uncertainty meant that they didn’t believe accreditation would protect them in that regard.

It was seen as important, however, in protecting the school against competition. The deans see accreditation as putting them on the same playing field as other accredited institutions and at an advantage over non-accredited institutions. It is also seen as making a difference with securing company-specific training contracts; *“Would you get a contract because of that? No, but you would never be in that group if you do not have them.”*

4.3.3 *The Market*

The schools were universal in their agreement that being accredited doesn’t have a significant impact on their ability to recruit domestic students. One dean in particular took a pragmatic view, believing that students are generally quite hedonistic about their decision making.

“I think we’ve got to understand that management schools are in two industries, education and entertainment. Nobody likes admitting it. So the official version is students choose us because of the quality of our faculty, the number of PhDs, the number of journal-reviewed articles. No. Students choose us because of our proximity to xxx, the number of bars in the area, the quality of the reception organized, the number of evenings, the quality of the open bar, ...”

For most of the schools their impression is that, for domestic students, the school's brand is more important and that they are more likely to use rankings to help their decision making. One dean stated that, despite the school having spent 10 years educating the local market about accreditation, it is used by local students *"...not so much in their decision to come here, but in order to justify why they came here"*.

There is, however, a greater awareness of the importance of accreditation in the international market and, in particular, the triple crown was seen as having an influence here, due to its exclusivity and ability to provide a real point of difference in the market. The deans noted that Asian and US students tended to ask about AACSB, however the most influence has been for those schools recruiting into campuses outside Europe where their reputation is not as well known. The impact reported by deans was directly related to their emphasis on internationalisation.

"Internationally we say "look, the reason why we are so cheap is because we are subsidized by the government", otherwise nobody thinks we are serious. And it does help very much to have those three accreditations because people say "how come you are so cheap and yet you are saying you are good? And actually I have to believe you because you have those accreditations." So it helps quite a lot."

In the market of attracting and retaining staff the responses were mixed and, again, reflected the extent to which the school recruited internationally. One school reported that working conditions were such that there was very little staff turnover and therefore little or no international staff recruitment. Where staff are being recruited internationally the accreditation status was found to be helpful in clarifying that country's education system; *"... we can show we are serious because we have those accreditations, they will say OK I will visit you."* For one school it was felt that accreditation had been more helpful to their PhD students securing their first positions in the United States. Having AACSB accreditation helped those students get their qualifications more easily recognised by the US schools.

“We’ve also seen a direct impact for doctoral students looking for their first positions in the US. Coming from an AACSB school it means they didn’t have to fill out some part of a form or they just had to tick that section, again because in the American culture it’s much more embedded. So we’ve seen a direct impact there.”

Internationally, for faculty, where a direct benefit of accreditation was being experienced was with building networks and facilitating staff exchanges. Schools have found that doors are more easily opened when seeking out new partnerships and exchanges with other (accredited) schools.

“...our exchange agreements, they have a lot to do with the accreditations, especially the partners that have come in the last 7-8 years. ... our international agreements work two ways. It works using the AACSB network and it works on the personal level and we try to combine the two and it works quite well.”

4.3.4 *Internal Functioning*

The European schools found that accreditation has helped them change in three major ways, through the formalization and standardization of procedures, improving their internationalisation efforts and a cultural shift enabling people to challenge the status quo.

The most significant change has been through the formalization and standardization of procedures. The accreditation framework provided the opportunity to change and improve a wide range of aspects within the schools; for example changing the research focus of faculty (“A lot of people were publishing books and now the pressure is on for them to get in the top international journals”), providing more administrative support for activities such as seminars, public relations and marketing and providing more support for student exchanges.

While some schools obviously took the opportunity to use the framework to make changes, or needed to in order to meet the standards, others did not see or have the need to significantly alter what they were already doing, “...it was factored into the ongoing management practices of the institution”. There was also a cultural change required and a

challenge for some schools was the change to teaching and operating in English while other schools found they needed to refocus their relative emphasis on teaching and research.

Through this change deans noted the opportunity that was provided by accreditation to challenge the status quo. Whatever the extent to which change was required, the process of gaining accreditation provided the opportunity for everyone in the school to question the way things were being done. One dean in particular talked about the tendency to be blindfolded when writing the reports and “...when you’ve got questions from such a jury there are certain times when you realise the only explanation you have is history”. As a result the exercise opened up the mindset of people and made them realise that decisions needed to be questioned and considered more.

When discussing the extent to which the deans looked to others to influence their decision to change processes or structures it soon became clear that they had no formal, active benchmarking process. Instead they used their networks informally to compare what others were doing and felt they may or may not follow other methods. The entire process, if it did occur, could be better described as happening by osmosis.

“...most of our people have been outside of this country ... so have very good relationships with other schools. Most of what we’ve been doing we did not invent ourselves, ... Now we have a dean from xxx, and we are copying some of the things. We are not copying some of the other things!”

4.4 USA Business Schools

The business schools I interviewed in the United States of America (US) were at the Queen’s University of Charlotte, Shenandoah University, the University of Wisconsin-River Falls, North Georgia College and State University and the University of Springfield-Illinois.

4.4.1 *Motivation*

The motivations described by deans that led them to pursue AACSB accreditation centered on maintaining their competitiveness (“...it became a competitive necessity to pursue AACSB accreditation”). Examples of reasons given included gaining recognition, programme improvement, a requirement of the university system, attracting a higher quality student and to signal quality.

Being seen as accredited by AACSB is key in the US market with several of the deans referring to that accreditation as being the “gold standard”. They referred to a growing tendency of employers having a policy of not employing graduates of non-AACSB-accredited schools and businesses not enrolling their employees in MBA programmes of non-AACSB-accredited schools.

“...there are a lot of people that understand the significance of AACSB accreditation, particularly those in the business world. There are businesses that will not send their employees as students to schools that are not AACSB-accredited in this marketplace. There are businesses that will not use our executive education services unless we’re AACSB-accredited.”

In this regard, then, competition in the marketplace is healthy and schools are well aware of their competitors using a school’s non-accredited status as a point of difference when recruiting students (“If prospects are applying to all three, looking at all three, they would say you don’t want to go to xxx, they’re not accredited”).

In some instances the decision came from higher up than the school itself. It may have been a board recommendation or decision, or else it came from the wider university system itself. So, for instance, in order to get approval to offer an MBA programme it was university policy that the school had to be AACSB-accredited.

“We entered candidacy for AACSB as a result of a determination that we would like to have an MBA programme and that we felt that

it was important from a competitive position... In order to have an MBA in the xxx system you have to be AACSB-accredited.”

When making the decision to enter the accreditation process none of the deans could identify any formal exercise or analysis that had been undertaken to justify the decision. Rather, it was a subjective and strategic decision based on an awareness of AACSB, a familiarity with who else was accredited and the position that accredited schools have within the university system or broader community.

“We did not do a market study. We were familiar with AACSB, we were familiar with the position that AACSB-accredited schools have within the University of xxx system. There is an elevated importance of those.”

The benefits that deans expected to gain from being accredited were varied but didn't differ markedly from the original reasons given for entering the process. It was expected that the accredited school would be able to compete more effectively for students and would be able to recruit higher quality students and higher quality faculty, resulting in an overall improved business school.

“One of the advantages that you have with accreditation is the ability to market a programme that attracts higher quality students. ... Your most successful faculty understand the value of accreditation and ... it is to their advantage to be at an accredited school.”

There was also a common theme coming through in terms of the enhanced networking opportunities, the subjective feel-good factor and the credibility that comes about from being part of a peer group. This was difficult to quantify but there was universal agreement that each school was better off from the process.

“You're known by the company you keep, it makes you feel like one of the crowd. ... We started out thinking it's something you have to do, ended up thinking thank goodness we did that.”

“...there is an inner sense of satisfaction from the standpoint of the faculty that have done it. We did it, we got it, they feel good about it. And sometimes that particular point is pretty darn hard to translate into any kind of a number, but it’s just there.”

4.4.2 *The Education Environment*

The primary challenge being faced by the schools has been managing resources and maintaining their relevance and viability following the worldwide global economic crisis. Most schools in the group reported facing significant budget cuts and those offering executive MBA programmes reported feeling the effects of companies being less able to invest in the professional development and training costs of their staff. To deal with the budget cuts, some schools were preparing to enter a faculty furlough, a day a month or more whereby faculty do not work and do not get paid (effectively a salary cut).

Secondary issues were the ongoing challenge of hiring and retaining good quality faculty. In the light of budget cuts and the worldwide shortage of PhD-qualified faculty in some disciplines, deans reported that their ability to recruit good quality faculty was something that consumed a significant proportion of their time.

The group viewed accreditation in a positive light, though, when reflecting as to whether it helped them deal with those challenges. They tended to use those challenges to their competitive advantage by using accreditation as a lever to ensure they obtain the financial resources required to attract and retain high quality faculty.

“I get on my provost and I say I need two accountants and this is how much it’s going to take, this is how much money on a faculty line I’ll need to attract a quality accountant. And if I don’t have that faculty resource I jeopardize my accreditation. And I don’t want to suggest that that’s a threat but I will suggest that it’s a lever. It leverages the significance of it and I’d never use it negatively but I’d certainly use it positively.”

There was also strong agreement that being accredited would help protect the college against the challenge of hiring quality faculty and attracting quality students, with the unwavering belief that students and faculty would choose an accredited school over a non-accredited school.

Despite the pressure being applied by the current economic climate there was little agreement as to the level of uncertainty the schools operated in. Some deans felt the environment was generally certain while another described the environment as very volatile, unprecedented economically.

“This [economic crisis] is probably going to rank up there as one of the most difficult periods that we have to experience. Nothing compared to the great depression of the 30s, but I have serious concerns about inflation. ...it’s the most volatile period, certainly in recent history, in the last 4 years in the US.”

The responses were in some cases contradictory when viewed against the factors the deans used to determine uncertainty. Two schools identified (reducing) state funding as being an indicator of uncertainty but viewed it in different ways. One school cited state funding cuts as a reason for the high level of uncertainty whereas another also used state funding to determine uncertainty, but did not perceive the situation as being so dire. That school seems to have taken a more entrepreneurial approach.

“This year we gave back about \$... to the state so the state could balance its budget. That uncertainty is, I think, more important to other parts of the university than to us. I don’t have a problem being entrepreneurial and we’ve done that, like with our MBA programme. ... The business programmes are in a better position to do that than the other programmes in the university.”

Whatever the level of uncertainty, however, there was universal agreement that being accredited would help protect the school against its effects. For instance a school would be less likely to be affected by a drop in enrolments because students would choose an

accredited school over a non-accredited school. So there was a competitive advantage that could be maintained when competition for declining student numbers increased.

Schools in this group also outlined how they used their accredited status to argue their case for resources and they used accreditation to help stay focused, one dean describing it like the need for a pilot to undergo refresher training.

“You have to continually review yourself and I think accreditation is a way of reviewing yourself. It’s like a pilot, you have to go in for refresher training, and it’s good for you because you build up bad habits and those bad habits become your modus operandi and they become eventually dysfunctional. But you don’t know the difference.”

4.4.3 *The Market*

The US schools had a strongly competitive slant on their viewpoint as to the effect of accreditation on the recruitment of domestic students. Schools placed not only a high level of importance on their ability to recruit students and then place them in jobs after graduation, but also to recruit high quality faculty. Some were unconvinced as to the impact of accreditation at undergraduate level, suggesting that the level of awareness by undergraduate students was lower than for those pursuing postgraduate study. However, overall, the schools universally believed that being accredited does improve their ability to recruit domestic students.

“Achieving accreditation definitely affected our ability to recruit... Our enquiring students and our applicants visit the schools ... and they would tell us that the folks at the other sessions would say you don’t want to go to xxx because they’re not accredited. Now the students don’t necessarily know what that means, or they don’t know what is involved with doing it, but all they heard was that we’re not and that the other school is. So it was crucial.”

International student recruitment had less of an impact, primarily because the schools did not tend to focus greatly on recruiting international students. Their perception of the impact of accreditation was therefore muted in comparison. Two of the schools in the group did report that they were recruiting some international students and did believe that accreditation was having a positive impact. This lack of international focus was reinforced by the limited awareness across the group of EFMD or AMBA. One or two deans had heard of one or both of these accrediting bodies but none were seeking to gain any additional badging. AACSB was clearly their sole focus.

The recruitment and retention of faculty is universally believed to be aided by the school gaining accreditation. One dean reported that, other than retirements, he had had no faculty leave the school since he'd been there and moving the school towards gaining AACSB accreditation. Furthermore, he now gets enquiries from prospective faculty about coming to the school and is in no doubt that "...one of the main reasons is because they now see that we have AACSB." Other deans echoed that opinion reporting low turnover rates since moving towards AACSB accreditation and confidence in their belief that recent appointees wouldn't have come to the school if it hadn't been accredited (or in the final stages of candidacy).

"If you're talking about the really top notch faculty member who can call their shots, so to speak, they have a choice of where they will work, where they will teach, [AACSB accreditation] absolutely is a factor."

4.4.4 *Internal Functioning*

When talking to the deans in the US group about the changes they experienced during the process of gaining accreditation two major themes came out from everyone in the group. All of the schools had gone through the process of improving their faculty qualifications and they had also experienced transformational change through the formalisation and standardisation of their procedures.

AACSB's AQ and PQ requirements has definitely had an impact on all in the group. One dean reported having gone from 10% of his faculty being AQ to 100% being AQ over a period of 9 years. Other deans reported changing their faculty hiring policies so that a person must now be AQ on hire. For some schools this represented a radical shift in culture.

“Some of them [faculty], who had been here a long time and pre candidacy, they didn't come here to do research. They came here to teach. That's what we were, the history of this business school is we don't care about research; we don't care if you ever do research. That was 20 years ago, 15 years ago, and some of those faculty are still here. So they had to be convinced that the reason they came here is no longer valid, like they could still teach and enjoy this environment but now they're going to have to do research.”

The accreditation framework was also used by the deans as an external tool to help them instigate radical change in the school. Through this they completely revised their procedures and revisited policies, from the mission down. *“During my first year ... we spent one year doing nothing but building processes and policies.”* And through this AACSB was at the forefront of discussions and provided the justification for change.

“We revamped everything for the last 8 years. Everything. All of our processes, all of our expectations for faculty, our hiring, everything changed to allow us to be AACSB-accredited. That's been the focus, much to the dismay of some faculty. But that is our focus and when we talk about faculty expectations it's for AACSB. When we talk about teaching assignments, it's for AACSB. That's at the forefront of all our discussions.”

Throughout the reviews and changes being made was also a common thread relating to a change in the culture to one of continual review and improvement. The accreditation process not only allowed deans to take a look at all facets of their school but to put in place a system whereby the mission could be regularly reviewed, the strategy document could be regularly reviewed, processes and policies would also come under scrutiny on a regular basis

so that the school would continue to evolve and thrive within its environment. Remaining static is not an option.

“Everything’s for that development. You’re not in a static world. The only people that are in static worlds, and it does happen, is if you’re comatose or dead. And some faculty are comatose and some are the walking dead and zombies. We understand that, but you don’t want the majority to be that way. So if people believe in a static world there’s a problem.”

The US schools were very focused on benchmarking. They described making extensive use of their peer institutions and bigger institutions that they looked up to.

“We are small enough and newly accredited enough that we want to look to others and see what they’re doing, although we feel we’ve got some very good ideas ourselves. ... And really we look at the big schools and see what they are doing and see how we can adapt or not or, if not copy, at least we have somebody with a big name, big school, who may have some similar programme where we can say yeah, we can benchmark ourselves.”

One dean outlined how he shares AACSB self evaluation reports with his peer schools and takes an active part in review teams and any relevant training and conferences AACSB puts on in order that he can take advantage of any networking opportunities available.

“...probably the best preparation that I do to prepare and be ready for visits is actively participate in review teams and, in the process, ... go through the developmental training. It is expensive and it is time-consuming but you have to do that.”

5. Discussion

5.1 *Similarities and Differences*

In this section the four sections of the interviews will be discussed; motivation, the education environment, the market and internal functioning. The common themes that emerged from the interviews will be identified and then the themes that best describe the European, US and the two groups of New Zealand schools will be compared and contrasted.

5.1.1 *Motivation*

The motivation to seek accreditation across the groups showed up some immediate similarities and differences. The European schools and New Zealand early adopting schools both view accreditation as beneficial to their internationalisation efforts while the US schools and New Zealand late adopting schools were more focused on the competitive environment, conforming to peer group norms and using accreditation as an external driver to improve the school.

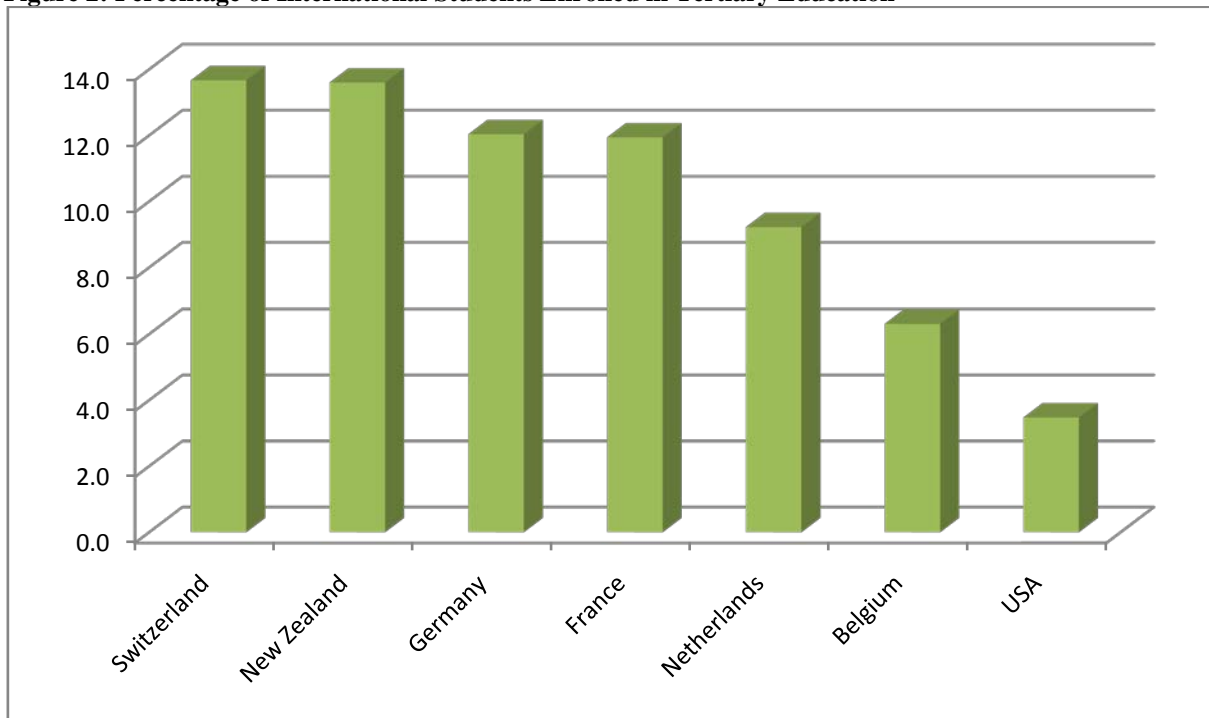
The European schools are strongly focused on the international market and see the accreditations as a way of signaling to potential students the quality of the programmes they are offering. In some instances, the tertiary education system in Europe differs from the US model and gaining AACSB accreditation is seen as a way of providing a simple indicator to demonstrate equivalency and quality to the British Commonwealth and the US. They view accreditation as being able to improve or increase their internationalisation efforts. The early adopting New Zealand schools were very similar in terms of their desire to improve their internationalisation efforts. They wanted to be able to stake their claim as being of international quality and to be internationally recognised.

Exclusivity was also important to the European schools and the New Zealand early adopters. They both placed a high importance on gaining triple crown (AACSB, EQUIS and AMBA) accreditation. This provided the two groups with a real point of difference and they were motivated by the opportunity to stand out from the crowd. This contrasts with the late adopters in New Zealand who are more focused on having the entire New Zealand group

accredited as a signal of the quality of business education in New Zealand as a whole. This is more representative of normative behavior as this group is motivated by having all the schools on a level playing field.

The US schools are similar to the New Zealand late adopters in this regard. They are more focused on the competitive market within their own state and expressed the desire to be on a par with other schools in the university system and others in the region. They do not have to communicate their quality to prospective students, who may be unfamiliar with the US education system, and they made no mention of the need to enable their students to more easily transfer to institutions overseas. The US schools had a relatively low level of interest in internationalisation and this was a key difference between themselves and the European schools and New Zealand early adopters.

This apparently lack of interest in attracting international students was unexpected given that the United States has the largest number of international students in the world. The US has approximately 21% of the worldwide international market, totaling 624,000 students (Atlas of Student Mobility, 2008). Further consideration, however, indicates that this may not be as surprising as first thought. Firstly, the schools interviewed clearly had few international students, which supported the deans' assertions. As shown in Table 2, no school in the US group interviewed reported more than 10% international students in any of their programmes and, in most cases, they reported nil international students. Secondly, the percentage of international students in each market shows that the United States does actually exhibit a much lower level of internationalisation than the European countries and New Zealand. The relative proportions are shown in Figure 2. Only 3.5% of students enrolled in tertiary education in the US are international whereas the next lowest country, Belgium, is almost twice that at 6.3%. So while the numbers of international students enrolling in the US for study is the largest in the world, it needs to be kept in perspective with the fact that the US tertiary education market is also the largest in the world. The relative emphasis, therefore does not appear to be the same.

Figure 2: Percentage of International Students Enrolled in Tertiary Education

Source: *Atlas of Student Mobility 2008* (Website of the Institute of International Education), www.atlas.iienetwork.org

The US schools and the New Zealand late adopting schools were also similar in their desire to improve the quality of the school as a whole, and accreditation was viewed as an external driver to achieve that change.

The reasons given overall by the European schools support the notion of an environment where there is a perceived lack of information about the quality of the programmes being offered. They specifically identified signaling quality as a prime motivator, wanting to prove themselves to the rest of the world that they are providing world-class university-level education.

The US schools, in contrast, differ in that their motivation stems more from the desire to be recognised amongst their peer groups, to be part of the crowd. They are interested in building a higher quality business programme to attract a higher quality student, and this is very much a case of wanting to maintain or protect their position in the market.

The late adopting New Zealand schools showed similarities with the US schools in this regard. They identified their key motivators as primarily reputational, so they wanted to be

able to network with people who inspire, they wanted to improve their visibility and they wanted to improve the school by using accreditation as an external quality assurance framework. The influence of the early adopting New Zealand schools was also strong and the desire to join the accredited group was clearly evident.

None of the groups undertook any formal analysis before entering the process of seeking accreditation and this was one aspect where there was almost universal consistency across the four groups. This was particularly interesting given the significant commitment required of a school, and the wider university, to accreditation. The process requires, in many cases, a radical overhaul of the school and many of the deans described in great detail the transformational change that occurred during the journey to being accredited. And yet, despite all this, the decision was made on a subjective basis, either dictated by a higher authority (for instance a university council) or the vision of the dean. In both cases the analysis appears to have comprised being either well aware of the other schools close by who were accredited; or aware of the reputation gained by other schools who had gained accreditation; or involved with accreditation at other schools; and therefore convinced of its value to the school.

This is consistent with the idea that bandwagon and isomorphic pressures were being applied to all these schools. It was evident that it is difficult to quantify the costs of achieving accreditation and there is certainly little published research that explicitly quantifies any improvement to the school's bottom line in terms of increased enrolments, or even maintenance of enrolments in a declining market. Even in the case of the European schools and New Zealand early adopters, where they were one of the first to gain accreditation in their country, the bandwagon pressures could be evidenced on a global scale. This was because these groups identified with top schools around the world and those schools they wanted to be compared against were achieving the international mark of quality.

5.1.2 *Education Environment*

The global economic crisis of 2009 was having a marked impact on the outlook of the European and US schools. Both groups identified the economic climate as being one of their major challenges and the specific issues they faced in terms of their financial bottom line varied only according to where their major income streams came from. Those with

significant philanthropic income were facing reductions in those donations and the reduced interest earned from the large sums held in trust. Those offering executive MBA programmes reported feeling the effects of companies being less able to invest in the professional development and training costs of their staff. Those receiving income from the state were feeling the effects of general budget cuts and even being in situations where they had to return funds to the state to allow it to balance its own books.

The New Zealand schools, in contrast, were not as concerned by the economic crisis and this was more likely an indicator of New Zealand's economic position overall being not as badly affected. Instead they were focusing more on competitive issues such as hiring quality faculty, ensuring ongoing PBRF excellence, maintaining strong enrolments (international and domestic) and maintaining/growing international partnerships.

The hiring of quality faculty was one area that all groups agreed was a challenge. The European schools, however, did not see accreditation helping to protect against that challenge, unlike the other three groups. The Europe group took the view that being accredited will not protect you, primarily because it is perceived that the school has no control over those challenges. For instance, the school has no control over the global economy and has no control over the extent to which companies can afford to pay for staff training. In addition, it was held that being accredited increases the pressure to maintain standards which can be costly for a school to achieve on a limited budget.

The US schools, in contrast, view the effect accreditation has on those challenges quite differently. They view them positively and believe they can resist selection pressures by using accreditation as a lever to ensure they obtain the financial resources required to attract and retain high quality faculty. Accreditation also helps them resist selection pressures in relation to students. The US schools believe that students will select an accredited school over a non-accredited school and that when budgets are tightening companies are more selective with the schools they send their employees to for professional development, again choosing an accredited school over a non-accredited school.

The New Zealand early adopters showed more similarity with the European schools in their view of the value of accreditation in protecting them against the challenges. While they

acknowledged that being accredited increased their visibility to potential faculty, this benefit was seen as occurring at the margin and the more general opinion was that the school has little control over the primary challenges of ensuring adequate government funding and maintaining PBRF rankings.

In contrast, the New Zealand late adopters took the more competitive viewpoint, as with the US schools, believing that accreditation would help maintain a competitive edge for attracting potential students and faculty. There was agreement that they had little control over the level of government funding provided, however they did believe that being accredited helps the school's argument for additional resources.

There were very different opinions, not only across the groups, but also within each group as to the level of uncertainty being experienced. Some deans reported very low levels of uncertainty while others described an unprecedented level of volatility, as well as various stages between those extremes. This perception was unable to be generalized with any reliability across the groups. The level of protection that accreditation could have against that uncertainty did, however, directly relate to that dean's perception of the level of control and was very similar to their perception of the challenges they faced.

There was commonality of opinion regarding the value of accreditation in protecting against competition. All groups faced competition against accredited and non-accredited schools. The New Zealand late adopters had a slightly different take on competition, viewing the New Zealand universities both as competitors but also complementary to themselves. Overall, they preferred to regard New Zealand as a whole, with an international outlook on competition. The European schools focused on other schools within their country as competitors whereas in the US schools were more focused on competitors within their state or, if close to a state border, those in a close geographical area.

All groups universally agreed that accreditation would either provide them with a competitive edge or protect them against the effects of competition by keeping them on the same playing field as their competitors. Schools felt better prepared to compete for students and for those with a different education structure, they found it essential to signal their

university-level status. European schools also felt it gave them an edge when putting together company-specific training contracts.

5.1.3 *The Market*

The market involves domestic and international student recruitment, as well as the market for attracting and retaining faculty.

The European schools and the New Zealand early adopters were skeptical of the concrete benefit that accreditation has on the recruitment of domestic students. The New Zealand early adopters were unconvinced that it would have an actual impact on student choice and the European schools agreed, saying that domestic students were more interested in factors such as the overall branding of the school, the rankings and factors such as the lifestyle offered by the school. In contrast, the New Zealand late adopters took a more optimistic viewpoint. They either believed that being accredited would maintain or protect their competitive advantage in recruiting students or they presumed or hoped it would. The US schools were also more positive about the effects of accreditation on domestic student recruitment, and this reflected their competitive environment. They felt that accreditation removes a barrier, schools would be able to more easily place their graduates in jobs and they would be able to attract a higher quality student.

For all groups there was agreement that the benefits were more pronounced for postgraduate students. In general it was felt that undergraduate students do not tend to understand or be interested in accreditation. Postgraduate students, in contrast, are likely to be more discerning in their choice of institution. The investment is therefore much higher and they are better informed about the value of obtaining a qualification from a reputable institution.

With the recruitment of international students the collective response of the European schools clearly reflected the high priority they place on internationalisation. They noted the tendency of US and Asian students to enquire about AACSB and believed that holding the triple crown had a positive impact on their ability to attract international students. It is clear, also, that the European schools are using accreditation to mitigate the effects of information asymmetry to recruit international students who may have little or incomplete knowledge about the school or the education system.

In contrast, the US schools had relatively little interest in internationalisation and therefore accreditation was not seen as a key tool for the recruitment of international students. Their focus was on competition at a regional level and this was also noted by a lack of knowledge of the other international accrediting bodies, EFMD and AMBA.

The responses of the New Zealand schools reflected the relative importance of internationalisation in their activities, both groups agreeing that accreditation would have more of an impact for international students than for domestic students. This is also supported by Figure 2 with New Zealand having the second highest proportion of international students, sitting at 13.6%, just behind Switzerland on 13.7%.

The ability to recruit and retain high quality faculty is becoming increasingly competitive in the global tertiary education sector. With accreditation comes the desire to improve the quality of faculty and so there becomes an incentive to recruit the best faculty possible. In pre-accreditation days, it would have been satisfactory to employ someone without the necessary qualifications but with the potential to obtain those qualifications in-post. This “grow your own” model is now out of favour with many schools due to the requirement by AACSB to maintain a minimum of 90% of their faculty resources as academically or professionally qualified and this standard has resulted in schools being unwilling to employ a faculty member unless they are academically qualified at the time of hire. This has obviously reduced the size of the potential market and increased the level of competition for faculty.

With that new *modus operandi* all four groups supported the notion that accreditation would reduce the effects of information asymmetry and improve their ability to recruit staff. This was particularly evident with those schools that recruit faculty internationally. The US schools believed that their recent hires and enquiries from prospective faculty were due to their accredited status while the two New Zealand groups and European schools believed it was beneficial in signaling quality to North American faculty.

There was little support for the idea that accreditation would help retain faculty. Both of the New Zealand groups and the European group believed that there would either be no impact

on retention or it would initially make retention rates worse due to the need for non-performing faculty to be “let go”. This was, however, seen as beneficial to the school.

5.1.4 *Internal Functioning*

All four groups reported a wide range of changes their schools underwent during the accreditation process. Most common were the changes to procedures with several schools reporting that they went through a complete review of every process and policy in the college to ensure it was AACSB and, where applicable, EQUIS compliant. The frameworks provided by AACSB, EFMD and AMBA provided an opportunity for the schools to test themselves against internationally accepted benchmarks and an external aid for the deans to implement the changes necessary to improve the school and meet the standards.

A significant cultural change was also reported by both New Zealand groups and the European group. For instance faculty were reported to be taking their qualification status (i.e. AQ/PQ) more seriously, there was now a discourse around teaching and there was a feeling in some schools that there was a greater sense of pride, with staff thinking more about the school as a whole rather than their individual departments. Staff are also more willing, and it is accepted, to challenge the status quo and not simply accept things because of history.

An improvement to faculty qualifications was also highlighted as a common change that occurred within the NZ early adopters group and the US group. New expectations have been put in place to improve research performance and, in some instances, non performing faculty have been let go over a period of time.

While all groups identified the formalisation and standardisation of procedures as the most common change made as a result of accreditation, the overall views of benchmarking indicates there is little to be concerned about with regards to increasing homogeneity across schools, particularly outside the US.

The European schools had no formal, active benchmarking process. They used their networks to get ideas from others but overwhelmingly felt they may or may not follow other methods. The entire process, if it did occur, could be better described as happening by

osmosis. This approach supports the notion that the European schools are not unduly influenced by isomorphic pressures but are more concerned with information asymmetry and communicating their quality to the market.

The New Zealand groups reported a similar approach. The early adopters believed that benchmarking has little influence on their activities while the late adopters had more of a mixed view. They reported monitoring the activities of others but only one of the schools believed it would have a significant impact on their decision-making. This, as with the European schools, indicated a minimal influence by isomorphic pressures.

The US schools, in contrast, were very focused on benchmarking and described making extensive use of their peer institutions, AACSB training and reported sharing AACSB self evaluation reports. This comment supports the notion of a school looking to a more reputable school to guide their actions and the US group's attitude towards benchmarking shows the impact isomorphic pressures are having on them. This group is at a greater risk of homogeneity than the European and New Zealand groups.

5.2 Fit with Accreditation Model

Analysis of the data obtained from the interviews identified some general trends with regards to institutional isomorphism, information asymmetry and bandwagon pressures being applied to the schools.

The proposed model comprised two possible pathways that begin at separate points according to the environmental conditions. Those conditions lead to separate organisational responses and the pathways converge on a single final output, that of legitimacy. The environmental conditions were initially proposed as either a situation where there is a lack of comparative information regarding quality, or a situation where there is uncertainty, coercive pressures, competition and competitors gaining accreditation. The conditions where a lack of comparative information regarding quality follows the path of information asymmetry, where the organisation seeks to gain legitimacy by using accreditation to signal its quality in

the market. Where uncertainty, coercive pressures and competition are evident then an organisation tends to follow the pathway of institutional isomorphism and bandwagon pressures, gaining legitimacy in the market by gaining accreditation to appear normal and ensure survival.

An additional dimension to the model became evident during the interviews, that of the focus of the organisation. Information asymmetry tended to become apparent when the school was primarily focused at an international level. For instance schools looking to recruit students or employ faculty internationally were strongly concerned with the idea of signalling their quality and equivalency to overseas markets. Schools that were focused more at a regional or local level tended to exhibit behaviours that were consistent with institutional isomorphism.

Information asymmetry was particularly evident amongst the European schools and they talked extensively about their international activities and the priority that internationalisation holds for them. Similarly, it was evident in the New Zealand schools that the level of regional-level competition is lower. They aren't heavily focused on competing against each other. Rather, their interest lies in complementing each other in order to compete globally and they show a stronger alignment to the pathway of information asymmetry. The US schools, in contrast, do compete at a regional level for students, and their behaviour is better described by the effects of institutional isomorphic pressures.

This new information has been incorporated into the model as a new predictor, which I describe as organisational focus. An organisation focusing at the international level is more likely to seek accreditation so they can provide information to the market regarding their quality. An organisation focused more at the national or regional level is more likely to be subject to isomorphic and bandwagon pressures and they seek accreditation to appear one of the crowd or normal. The revised model is shown as Figure 3.

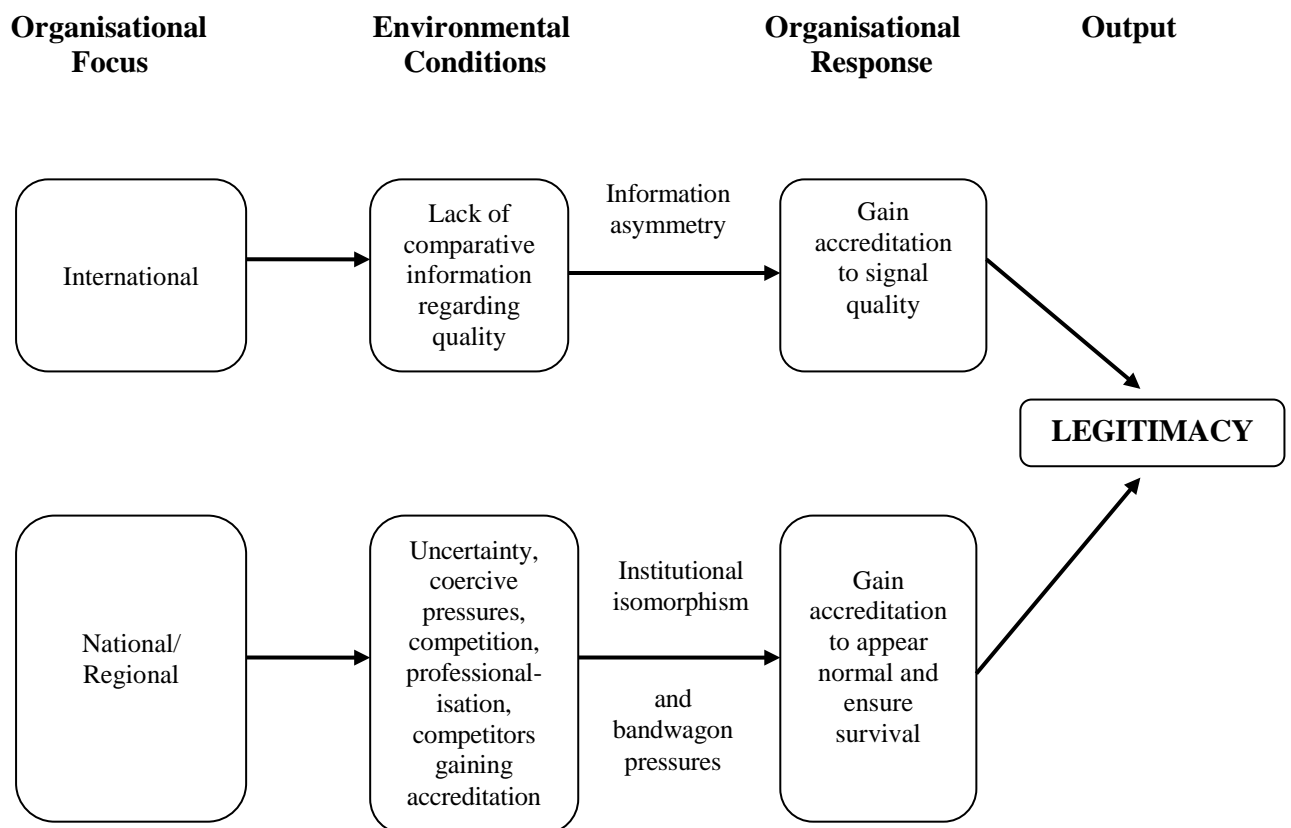
5.2.1 *European Schools*

The European schools reinforced very strongly their desire to be seen as international players. Their responses support the notion of an environment where there is a perceived

lack of information about the quality of the programmes being offered and they specifically identified signaling quality as a prime motivator, wanting to make their qualifications more transportable and demonstrate their equivalence to the US education system.

The benefits anticipated by this group cannot be tested via a cost-benefit analysis and this explains the lack of hard data gathering at the beginning of the decision-making process. This is not an exercise of numbers, rather it is about improving reputation, networks, autonomy and internal quality systems. The model makes no claims of quantifiable improvements and the experiences of the European schools support this.

Figure 3: Revised Accreditation Model



This group perceived the education environment to be generally certain. While there were several challenges being faced, primarily around the global economic crisis and changes mandated by the Bologna agreement, the schools did not feel that they had any control over those challenges. Seeking accreditation was therefore seen to have little influence in protecting against that uncertainty.

The impact of mimetic forces was minimal in relation to benchmarking. While the group did network and get ideas from others, they did not appear to be heavily influenced by the structures or processes applied at other schools.

In summary, the activities of the European schools support the top line of the model, with information asymmetry being a key component of their environment. The European schools are focused strongly on internationalisation and, with many different education systems currently in operation throughout Europe it is important for the schools to be able to communicate effectively their education standards and quality of the programmes on offer. Schools are therefore looking to use accreditation to signal their quality and increase their legitimacy internationally. It is clear, also, that the European schools are using accreditation to mitigate the effects of information asymmetry to recruit international students who may have little or incomplete knowledge about the school.

5.2.2 *US Schools*

The US schools were primarily characterized by their focus on their regional or state competitive environment. In some cases coercive forces were evident where the larger university system had mandated the school be AACSB-accredited and in the remaining schools of the group it was clear that their desire to seek accreditation was in order to maintain competitiveness with schools in their catchment area or within their university system.

As with the European group, the US schools identified primarily with intangible benefits. Most commonly cited examples included improving the quality of the programme, being a part of the crowd, improving the reputation and recognition. In a minority of cases a tangible benefit would be identified but there was no evidence available to suggest that this

benefit had been measured and could be attributed to the school's accredited status. Again this supports the model showing a lack of focus on quantifiable benefits.

The US schools identified with a number of challenges they were dealing with, in the majority of cases relating to the global economic crisis. There was no agreement regarding the level of uncertainty being faced, however the group clearly believed that being accredited would help protect them from those challenges and normative behaviour was evident with the schools expecting accreditation to ensure they were part of the "preferred" group for employers hiring graduates and human resource departments selecting where to spend their professional development budgets in the constrained financial market. They also expected to be able to use their accredited status to leverage adequate resources from the university administration.

Mimetic forces were strongly evidenced in relation to benchmarking. Overall the group relied heavily on benchmarking and made active use of networks, peers and aspirant schools.

Overall, institutional isomorphic and bandwagon pressures are more prevalent in the US group. They seek accreditation to appear one of the crowd, to establish themselves as normal, protect themselves against adverse selection and maintain legitimacy within the US market. The model is therefore supported by this group and demonstrates the effect of isomorphic forces and bandwagon pressures in a situation where the organisational focus is at the regional or national level.

5.2.3 *New Zealand Schools*

The early adopters and late adopters amongst the New Zealand schools exhibited characteristics consistent with the effects of isomorphic forces and information asymmetry. The early adopting schools, in particular, outlined an international focus with their primary motivation for seeking accreditation being the desire to be internationally recognised. This was a consistent theme also with the late adopters, however normative and mimetic behaviours were also evident. Schools wanted to maintain their competitive positioning, both in terms of recruiting students and staff, and valued accreditation for the opportunity it provided deans to network with peers and those who inspire.

A consistent theme, alongside the European and US schools, was the expectation of gaining intangible benefits from accreditation. Most commonly cited examples included improving cohesion within the school and improving international relationships. The early adopters could identify no measureable benefits while the late adopters do expect to be able to improve their recruitment of staff and students. This could not be tested, however, given these schools had not yet achieved accreditation. Given that there is no evidence amongst the accredited schools to support this expectation, the model is supported.

The international versus regional focus came through strongly for the New Zealand schools in terms of their staff and student recruitment. Those that expected to see an improvement in their ability to recruit staff and students anticipated that there would be an impact only at the international level. For staff recruitment in particular, accreditation was viewed as a key component to signal the school's quality to the market. This supports the model's proposition that information asymmetry is prevalent when the school is focusing at a global level. Schools that believed their domestic student recruitment would improve were primarily concerned with protecting market share, and not losing ground. They wanted to be part of the crowd and normative and bandwagon pressures were clearly evident, supporting the model's proposition that isomorphic pressures are present primarily at a regional or national level.

As with the European schools, the impact of mimetic forces for benchmarking was minimal. While the New Zealand group did network and get ideas from others, they did not appear to be heavily influenced by the structures or processes applied at other schools. There was a clear theme of adapting structures and processes to suit themselves, based on previous experience in the sector.

The New Zealand situation demonstrated a hybrid environment that supported the addition of an international and regional focus to the model. There were different characteristics exhibited by the early and late adopters. The early adopters were primarily focused at the international market and generally followed the pathway of information asymmetry, looking to enhance their international reputation. In general, the late adopters follow the pathway of institutional isomorphism and bandwagon pressures. Their focus is more at the regional level

but where they provided examples that related to information asymmetries those situations were clearly leveled at the international market rather than a regional market.

As a group the New Zealand universities do not admit to strong competition between themselves. They are instead focused on seeing all the New Zealand universities accredited by AACSB in order to put New Zealand as a whole on the global map of quality education. Again this provides support for the model as this signal of quality is focused at an international level. On that basis the New Zealand schools follow the European schools more closely, with its focus on internationalisation and signaling quality in order to maintain their legitimacy.

5.2.4 *A Footnote – Loss Aversion*

One theme that came through in a minority of interviews was the importance of not losing accreditation once it was gained. On this basis it appeared that the deans were loss-averse. Kahneman and Tversky (2002) describe this as reluctance to change the status quo when “...changes that make things worse loom larger than improvements or gains.” (p. 165) The motivation to retain (instead of gain) accreditation was outside the scope of this thesis and could, itself, consume a thesis of its own. Those comments were therefore not explored further or tested with other deans, however the reference is cause for interest and would justify further study.

6. Conclusion

This thesis provides supporting evidence for the notion that business schools are seeking accreditation in order to achieve legitimacy benefits rather than performance benefits.

Despite the significant costs involved with achieving accreditation, schools do not undertake any sort of cost-benefit analysis to justify the decision to enter the process. Instead of identifying performance benefits (such as increased enrolments), the schools prefer to focus on benefits such as improved reputation, making a better business school, supporting internationalisation and using it as a driver for change. This indicates that intangible benefits are seen as having more importance than the costs involved with achieving accreditation. Legitimacy is also seen to be of a high priority in the absence of tangible benefits and is the common outcome whether the school is focused at international level, and therefore signaling their quality to the market, or at a national or regional level, and therefore maintaining their position in the crowd to ensure survival.

Where the focus is at an international level accreditation is found to support Arrow's (1963) theory of information asymmetry whereby schools are seeking to provide signals to the market regarding their quality. At a regional or national level information regarding quality is more well known and, instead, isomorphic and bandwagon pressures become evident as the pathway towards legitimacy.

This study will be of value to business school deans in understanding the forces they are being subjected to when considering the value of seeking international accreditation. The results provide an understanding of why a school may be considering such a move, or may have entered the process, without a formal business case, or without the hard data that identifies the costs and estimates the benefits in a measurable way. In this regard it will be of value also to all staff of business schools, and of the wider universities, to understand the phenomenon that is accreditation, and legitimise the pathway that business schools in the tertiary sector elect to follow.

6.1 Directions for Future Research

For the researcher with an interest in international accreditation in tertiary education, this study has provided a platform from which a wide range of further enquiry can be launched.

It would be valuable to further test the model by replicating the study in different countries or continents, for instance Australia, South America and Asia. Australia is culturally similar to New Zealand, however has a different educational structure which may be of a more competitive nature. Business schools in Asia are developing their tertiary education infrastructure and interest in accreditation to such an extent that, in 2009, AACSB International chose Singapore as the location of their first international headquarters. It would be useful to test these diverse parts of world against the results already collected.

One of the identified limitations of the study was that only deans were interviewed. It is therefore possible that the assertions and perceptions of deans are not necessarily reflective of reality. It would therefore be valuable to triangulate the results against surveys of students, faculty and employers. This would aim to establish whether or not legitimacy is an important factor for international or domestic students choosing which school to attend and for faculty deciding where to apply for their next position. Such a study would also aim to determine to what extent employers rely on accredited status when looking at hiring graduates.

It would also be useful to undertake surveys of students, alumni and staff to explore issues such as: has the delivery of teaching changed after accreditation and, if so what are some of the concrete changes they have noticed? What is their perception of the school's motivation for gaining or seeking accreditation versus the message the Dean has communicated to the school, and does that correlate with the motivations articulated in the interviews? Do staff perceive that the school has improved as a result of the accreditation journey?

The visibility and value of accreditation can change over time and it would therefore be useful to undertake a longitudinal study to establish long term trends. While commerce students may not currently have a high awareness of accreditation or its value, this understanding may change over time and so a future study could analyse student survey data

to identify changes in this attitude and any changing role that accreditation has in helping students decide which university to go to.

Loss-aversion (Kahneman & Tversky, 2002) came through from a minority of deans as a strong motivator to retain accreditation. This was outside the scope of this thesis and so was not explored further. It would, however, be of value to test this proposition via a survey of deans of accredited business schools.

Appendices

Appendix A: Information Sheet

INFORMATION

You are invited to participate as a subject in the research project *Accreditation of Business Schools: An explanatory multiple-case study of their motivations*.

The purpose of this project is to explore the process of accreditation in business schools and identify the factors that lead business schools/colleges to seek accreditation.

Your involvement in this project will be in the form of an interview, expected to take no longer than one hour, and you have the right to withdraw from the project at any time, including withdrawal of any information provided.

As a follow-up to this investigation, you may be asked to provide additional clarifying details which would be carried out by email.

The results of the project may be published, but you may be assured of the complete confidentiality of data gathered in this investigation: the identity of participants will not be made public without their consent. To ensure anonymity and confidentiality, each participant will be randomly assigned a letter identifier for the purposes of attributing particular quotes. Quotes which may identify the institution or individual will not be used without the participant's consent.

The project is being carried out as a thesis requirement for the degree of Master of Commerce by Toni Hodge under the supervision of Associate Professor V Nilakant, who can be contacted at 03 364 2987 x8621. He will be pleased to discuss any concerns you may have about participation in the project.

The project has been reviewed *and approved* by the University of Canterbury Human Ethics Committee.

Appendix B: Consent Form

CONSENT FORM

Accreditation of Business Schools: An explanatory multiple-case study of their motivations.

I have read and understood the description of the above-named project. On this basis I agree to participate as a subject in the project, and I consent to publication of the results of the project with the understanding that anonymity will be preserved.

I understand also that I may at any time withdraw from the project, including withdrawal of any information I have provided.

I note that the project has been reviewed *and approved* by the University of Canterbury Human Ethics Committee.

NAME (please print):

SIGNATURE:

DATE:

Appendix C: Interview Sheet

INTERVIEW QUESTIONS

FORMAT:

- 1 hour scheduled.
- In the form of a guided conversation rather than strict questions.
- Conversation will be recorded and there will be limited note taking in order to maximise the flow of conversation.
- If clarification of any comments is required during analysis of the information, would it be OK for this to be followed up by email?

1. MOTIVATION

- What were the reasons for your college/school to seek accreditation with AACSB and/or EFMD?
- What kind of analyses were done before beginning the process of getting accredited?
- What benefits did/do you expect to gain from accreditation? Have they changed over time?

2. THE EDUCATION ENVIRONMENT

- What are the major challenges facing the college?
- What are the major challenges facing the university as a whole?
- Do you see accreditation as helping you to overcome those challenges? If so, in what way? If not, why?
- On a scale of 1 to 10, where 1 is very low and 10 is very high, how would you rate the level of uncertainty in the environment in which your university operates? Has the level of uncertainty in the environment changed over time?
- What, in your view, determines uncertainty?

- Do you see accreditation as a method by which you can reduce the level of uncertainty? If so, in what way? If not, why?
- Who do you see as your competitors? (Within New Zealand, internationally?)
- Are your competitors accredited?
- Do you see accreditation as a way of reducing the effects of competition? Explore.

3. THE MARKET

- Do you see accreditation improving your domestic student recruitment? Explore.
- Do you see accreditation improving your international student recruitment? Explore.
- Do you see accreditation improving your ability to recruit and retain staff? Explore.

4. INTERNAL FUNCTIONING

- What specific changes have you noticed in the following after accreditation: (a) teaching, (b) research/publication, (c) student satisfaction, (d) administration. (Explore)
- What changes to culture, structures and/or processes have occurred as a result of accreditation?
- How did those changes come about – did you primarily follow the examples of other accredited institutions, or did you “invent a wheel to suit yourselves”?

Appendix D: Interview Schedule

The following individuals were interviewed for this thesis:

- | | |
|------------------|--|
| 6 October 2008 | <p>Nigel Healey</p> <p><i>Pro Vice-Chancellor and Dean, College of Business and Economics, University of Canterbury, Christchurch, New Zealand</i></p> |
| 15 October 2008 | <p>Stephen Grover</p> <p><i>Deputy Dean, School of Business, University of Otago, Dunedin, New Zealand</i></p> |
| 17 October 2008 | <p>Patrick Aldwell</p> <p><i>Director, Commerce Division, Lincoln University, Lincoln, New Zealand</i></p> |
| 20 October 2008 | <p>Robert Buckle</p> <p><i>Pro Vice-Chancellor and Dean, Faculty of Commerce and Administration, Victoria University of Wellington, Wellington, New Zealand</i></p> |
| 28 October 2008 | <p>John Tressler</p> <p><i>Associate Dean, Academic, Waikato Management School, University of Waikato, Hamilton, New Zealand</i></p> <p>Janice Johnson</p> <p><i>Academic and Accreditation Manager, Waikato Management School, University of Waikato, Hamilton, New Zealand</i></p> |
| 30 October 2008 | <p>Des Graydon</p> <p><i>Pro Vice-Chancellor, AUT Business School, Auckland University of Technology, Auckland, New Zealand</i></p> |
| 10 November 2008 | <p>Chris Freyberg</p> <p><i>Associate Pro Vice Chancellor – Quality, School of Business, Massey University, Palmerston North, New Zealand</i></p> |
| 13 December 2008 | <p>David Buisson</p> <p><i>Former Dean, School of Business, University of Otago, Dunedin, New Zealand</i></p> |
| 28 April 2009 | <p>Randy Boxx</p> <p><i>Dean, Harry F Byrd Jr School of Business, Shenandoah University, Winchester, Virginia, USA</i></p> |

- 6 July 2009 **Eveline Wijnmaalen**
Policy Advisor Accreditations, Rotterdam School of Management, Erasmus University, Rotterdam, Netherlands
- George Yip**
Dean, Rotterdam School of Management, Erasmus University, Rotterdam, Netherlands
- 7 July 2009 **Dirk Buyens**
Academic Dean, Vlerick Leuven Gent Management School, Gent, Belgium
- 9 July 2009 **Philip McLaughlin**
Dean, BEM Bordeaux Management School, Bordeaux, France
- 13 July 2009 **Peter Lindstrom**
Director, Quality Development, University of St Gallen, St Gallen, Switzerland
- 14 July 2009 **Ingo Bayer**
Managing Director, School of Business Administration, University of Mannheim, Mannheim, Germany
- Yvonne Paulus**
Assistant to the Dean, International Relations; School of Business Administration, University of Mannheim, Mannheim, Germany
- Liane Schwartz**
Consultant for Communications and Public Relations; School of Business Administration, University of Mannheim, Mannheim, Germany
- 16 July 2009 **Terry Broderick**
Dean, McColl School of Business, Queen's University of Charlotte, Charlotte, North Carolina, USA
- Marcia Stefan**
Assistant Dean, McColl School of Business, Queen's University of Charlotte, Charlotte, North Carolina, USA
- 20 July 2009 **Max Burns**
Dean, Mike Cottrell School of Business, North Georgia College & State University, Dahlonega, Georgia, USA

21 July 2009

Ronald McNeil

*Dean, College of Business and Management, University of Illinois at Springfield,
Springfield, Illinois, USA*

22 July 2009

Glenn Potts

*Dean, College of Business and Economics, University of Wisconsin-River Falls,
River Falls, Wisconsin, USA*

Appendix E: *Summary of Responses from New Zealand Schools*

(page 1 of 7)

(page 2 of 7)

(page 4 of 7)

Appendix F: Summary of Responses from United States Schools

(page 1 of 6)

(page 3 of 6)

Appendix G: Summary of Responses from European Schools

(page 1 of 7)

Appendix H: Summary of All Responses

(page 1 of 11)

(page 2 of 11)

(page 4 of 11)

(page 6 of 11)

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