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In this article, Dean David Martin reviews the factors shaping business education today. Some of these issues promise to take collegiate schools of business into uncertain territories that have not been previously charted, and are not well understood by many. Schools are being asked to demonstrate that their students are learning what was promised to them. Schools find that they need to improve enrollment in programs in face of decreasing faculty supply. It remains unclear how the shortage of qualified faculty will ever be addressed. The business school of the future will, by necessity, operate in a way that will be different from what we are familiar with today. [Krishna Dhir, Feature Editor]

The Future of U.S. Business Education: Some Not-So Random Thoughts

by David G. Martin, Dean, College of Business, Bloomsburg University of Pennsylvania



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This essay is my attempt to process how the world of business education has changed during the last decade or so, and to understand what forces are going to make it change in the future. The 600-pound gorilla (and I mean no offense to gorillas or other business school accreditors) in our room has been AACSB International, which has been aggressive in accrediting more institutions and which has been the primary driver in creating many changes in business colleges worldwide.

If we look back to 1990, the landscape of business education in the United States was much different than it is today. We had significantly fewer AACSB-accredited institutions and we could separate schools into teaching schools where many of the faculty didn't have terminal degrees in business and the schools weren't accredited, schools that hired terminally qualified faculty yet expected relatively little in terms of intellectual activity, and research institutions whose primary mission was producing original academic research. Then about 1991, AACSB revised its standards to create a mission-based approach to evaluating candidate

institutions. This allowed the teaching-centered institutions to begin to think seriously about being accredited, which meant that they had to increase their percentage of terminally qualified faculty. Many institutions responded to the "new" standards and this led to an explosion in the number of accredited schools—today there are approximately 450 U.S. accredited schools and well over 500 worldwide.

In 2003, AACSB changed its standards to, in part, make its accreditation more attractive to non-U.S. institutions. These new standards charged institutions to insure compliance with three major standard groups in the deliverance of business education: strategic management, quality of participants in the educational process, and assurance of learning. These three standards compel accredited institutions to focus their activities, at least in part, on continuous systematic improvement. In particular, according to AACSB International the standards require (see Eligibility Procedures and Accreditation Standards for Business Accreditation at <http://www.aacsb.edu/accreditation/business/STANDARDS.pdf>):

A well regulated strategic management process dependent on:

1. Well-articulated mission
2. Effective use of resources to achieve the mission
3. Management focused on continuous quality improvement
4. Advancement of knowledge in the management education.

Accredited institutions now must nominate peer and aspirant institutions to insure that programs are appropriately resourced vis-à-vis those that have similar missions. For example, The Anderson School of Management at UCLA will certainly have a different mission than the College of Business at Bloomsburg University (scale, focus on graduate programs, research agendas). Therefore, the set of resources to manage the various programs at these two distinct institutions must be different and the peer and aspirant groups will also differ. This set of standards requires a strategic outward looking paradigm for business schools which is different than previous expectations for most accredited schools.

The Participant standards require:

1. That institutions have appropriate actions and interactions among faculty, students, administrators, and staff
2. That schools insure use of sufficient, qualified, and engaged faculty resources.

A major thrust of the Participant standards is the maintenance of faculty qualifications over time, which is a departure from past practice for most schools (especially those not research intensive). This means that faculty members have to demonstrate currency in their disciplines, which is demonstrated primarily by peer-reviewed publications and by "practice" activities that support classroom activities. The standards also allow for professionals (those with master's degrees) to be found to be qualified if they have had significant activities in a business profession prior to entering the academy.

Assurance of Learning standards require:

1. Delivery of effectively managed curricula consistent with the stated mission
2. Program intentions defined by learning goals
3. Learning achievement as demonstrated by direct assessment of learning.

The thrust of these standards is effective assessment of student learning. According to Polomba and Banta (1999):

Assessment is the *systematic* collection, review, and *use* of information about educational programs undertaken for the purpose of *improving student learning* and development.

Its objectives are:

What should students know or be able to do?

How well are they learning it?

How do we know?

The systematic requirement means that faculty come together to improve curriculum and course offerings. One interesting aspect to assessment is that it now requires the establishment of programmatic learning goals that are both knowledge and skill based. For example, the Bauer College of Business at the University of Houston has a learning goal that doctoral students will be proficient in conducting scholarly research in their discipline. The measurable outcome, or demonstration, of the skill is a published article which also demonstrates student mastery of knowledge judged in a peer-reviewed process. For undergraduates, Bauer evaluates writing skills by testing rising juniors who must demonstrate a minimum proficiency to be accepted into the College.

AACSB is in the forefront of the assessment movement. However, U.S. Department of Education Secretary Margaret Spellings is pushing hard for more visible and tangible results from assessment activities. According to an article in the *Chronicle of Higher Education* (Bollag, 2006), the National Advisory Committee on Institutional Quality and Integrity (part of the Education Department) "has barred the American Academy for Liberal Education from accrediting new institutions or pro-

grams for at least half a year." Why? In part because the Committee believed that the Academy "had been lax in not setting minimum standards for what students must learn at the colleges it accredits." It is clear that the need to do effective assessment is being pushed upon Colleges.

The Spellings' Commission on the Future of Higher Education Report was also forceful in pushing for transparency and public accountability as to a College's ability to produce student outcomes. In particular, the concept of value-added education was prominent in the Commission's report spurred on by public institutions that need to demonstrate to state legislative bodies that they are indeed producing worthwhile results. Value-added approaches are fraught with dangers; they tend not to be discipline specific and therefore issues of accountability are muddled, there is an issue of the quality of the raw material (students), and, most importantly, adding value may not be appropriate—rather the goal must be that graduates of programs actually are capable of doing what the faculty believes they should be able to accomplish in terms of knowledge and skills.

Many colleges are just starting assessment practices based on measuring student learning. It will take a few years for these assessment activities to truly become part of those colleges' culture where assessment brings curricular and programmatic changes. Besides assessment, other changes will occur over time. I will now explore these by program level.

Baccalaureate Programs

A year or so ago, I visited a dynamic family-owned business in Rochester, NY, that produces labels for water bottles and similar products. This is a small margin competitive business which must be very flexible in meeting its customers' demands on short notice. The owner of the business was adamant about two principles; first, all employees had to be willing to be trained to do new tasks as the company

needed it, and, second, all employees needed to work collaboratively. It would not do for any employee to be one thing such as a printer, janitor, paper stacker, whatever. Flexibility was the key. I see the biggest challenge for business schools in the baccalaureate programs will be to create fully integrated programs based on this concept of flexibility. Our colleges tend to be segmented by discipline so that undergraduate degrees tend to be focused on major programs. So, undergraduate students tend to be focused on their major subject and are not focused on an integrated business.

Further, the student today seems to learn differently than we did. I suspect that more collaborative pedagogies must be employed to have students learn what they need to learn, keeping in mind the push for assessment of student learning. An example will illustrate. Students taking the ETS Major Field Test in Business answer, on average, a little more than a third of the questions correctly in finance, and finance results are the lowest of all. Finance professors (including myself) have been baffled by this and have tried different approaches to improve student performance. I will offer this hypothesis as to why the numbers are low: students see no need to know the principles of finance because they believe their discipline won't need it. Now, this is wrong, but students don't see it that way and are little motivated to succeed. However, persistent poor assessment results will eventually change the teaching tactics we employ so that we can improve student performance. One change might be to integrate finance concepts throughout the curriculum, and I believe that as assessment continues to reinforce student underperformance changes will be made. Integration will demonstrate that majors are not critical; knowledge and skills are.

Therefore, I predict that, over time, we will move away from undergraduate majors as being the driving force for student recruitment and education and we will move to a more organic approach that will seek to maximize an

integrated business awareness with an emphasis on gaining student flexibility through collaboration.

Masters Level Graduate Programs

Data from AACSB International and GMAC shows that enrollments in most graduate business programs have been on the decline, although recent years show a slight increase in applications (especially in full-time applications). While the very best programs are still relatively steady in enrollment, some have had to lower their entrance standards to maintain enrollment. This decline has created negative pressure on business school's revenues. On top of that revenue crunch, business school deans have had to cope with higher new-hire faculty salaries caused by increased demand for terminally qualified faculty and a shortage of new doctorally qualified faculty. John Fernandes, president and CEO of AACSB International, recently wrote in a recent edition of eNewsline:

Threats associated with the global shortage of academically qualified faculty continue to besiege management education. (Fernandes, eNewsline)

Even schools that have part-time non-traditional programs have been under pressure as enrollments have been soft and capacity is great, which is lowering relative pricing levels and threatening revenues. The Philadelphia, PA, area schools, for example, are finding that employers are aggressively seeking discounts for providing students. So a double threat: fewer students and declining prices. As we learned in Economics 101 this is not good. However, GMAC reports that 2005 was a better year for enrollment for part-time programs and there does seem to be anecdotal evidence that some improvement is coming. However, business schools revenues are still at risk until enrollments stabilize.

Another issue challenging MBA programs is funding. Many state universities are finding that state support is diminishing quickly. A popular joke

for many public school deans is that once they were state supported. Over time they became state related. Now, support is so low they are state located.

It is clear to me, though an argument can be made on the other side, that many of the more prestigious state supported institutions will aggressively "privatize" their MBA programs because faculty costs, especially in accounting and finance, are rising significantly. In 2005, according to AACSB International, new doctorate salaries in accounting/taxation increased by 8.5 percent over 2004 (mean salary = \$114,800) and finance increased 3.9 percent (mean salary = \$113,000), and other costs are skyrocketing as well. To illustrate that business schools are moving toward privatization I note that the University of Washington's School of Business charges about twice what the UW's College of Education charges for tuition in master's level programs. In addition, UCLA's Anderson School of Business charges its out-of-state MBA students 85 percent of the tuition at the private Harvard Business School. As a matter of perspective, a full-time MBA student is charged less than 30 percent at Bloomsburg University than what the Anderson School charges. This trend of "privatization" at the top schools will continue, in my opinion. The only question I have is when will the second-tier schools begin to copy their more prestigious peers?

Doctoral Programs

Doctoral programs are not producing enough Ph.D's in business. According to "Sustaining Scholarship in Business Schools," published by AACSB International in 2003, we can expect annual shortages of doctorally qualified faculty of up to 2,400 faculty. While the major institutions deal with faculty salary increases caused by these shortages through privatization, it will be the mid-range and lower-tiered schools that will have the most difficulty meeting their

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Conclusions

The five books reviewed here cover Enterprise Resource Systems but are quite different in their scope, approaches, and contents. None of them is sufficient for a full-semester-length course providing three credit hours without supplementing with either lab work or additional material. Further, the selection of a particular book will depend on the emphasis given to various aspects of ERP in the course. Nevertheless, it appears that the Jacobs and Whybark book is useful in any course aimed at an understanding of the ERP systems and some critical success factors in their implementation. Therefore, we would recommend its use in conjunction with one (or more) of the other books.

If the course includes hands-on experience in the use of SAP in a course where students do not yet understand basic business processes, then the Monk & Wagner book probably is quite well

suited for adoption. If, on the other hand, ERP topics are covered in an Information Systems course, Sumner's book may well be the appropriate one to use. For an introductory information systems or an accounting information systems course at the sophomore or junior level, Hayden's book may be quite useful. On the other hand, if the course emphasis is to provide an understanding of the implementation difficulties and ways to resolve them, particularly from a management perspective, then Sankar and Rau's book would be more appropriate.

While all five books provide material for the teaching of the basic concepts of ERP systems including their implementation, none of them is comprehensive in their coverage. For example, except for a brief glimpse by Jacobs & Whybark, no book discusses the topic of system configuration, which is one of the major requirements

in their implementation and use from an IT perspective. While these five books can be used to teach ERP in varying contexts, there is still a need for some comprehensive and easily readable textbooks on ERP systems, particularly for full semester length courses. ■

Members of DSI are invited to suggest books that should be reviewed in this column and reviewers to review them. Send suggestions to the Feature Editor.

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demand for faculty. One dean colleague of mine told me recently that he was pursuing an accounting faculty member and offered him \$185,000 and lost the candidate to another school for \$200,000. Oddly enough, these escalating salaries may cause the de-emphasizing of majors in undergraduate programs to accelerate as schools may hire fewer terminally qualified faculty driving curricular changes. On the upside, there is a glimmer of hope as AACSB International now allows the hiring of professionally qualified faculty who are not terminally degreed. However, my impression is that for schools in rural areas, finding professionally qualified faculty in great numbers will be problematic.

The number of doctoral programs is also diminishing. My own Ph.D. alma mater, Saint Louis University, used to offer Ph.Ds in accounting, marketing, management (two tracks), finance, economics, and international business. Today, it offers only one program in in-

ternational marketing. Doctoral programs are expensive compared to full-time MBA programs and do not tend to generate revenues comparable to MBA programs. There is no doubt that 10 years from now, this will be the major issue facing business educators at all levels. For me, it will not be a problem as I will be retired.

The challenges, then, facing business schools are the following:

1. Impact of assessment on undergraduate curriculum over time.
2. Impact of low enrollment (demand) for MBA programs and the availability of faculty.
3. Shortage of terminally degreed faculty and how that will affect programs in the future.

Deans of business schools will be challenged over the next decade, yet it is an exciting time for all of us. I look forward to it.

Website Resources

AACSB International's Eligibility Procedures and Accreditation Standards for Business Accreditation: <http://www.aacsb.edu/accreditation/business/STANDARDS.pdf>

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