MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Accreditation Report for the College of Business, Iowa State University
Date: February 12, 2001

Recommended Actions:

1. Receive the report on re-accreditation for the College of Business, Iowa State University.
2. Receive the report on the initial accreditation for the Department of Accounting, in the College of Business, Iowa State University.

Executive Summary:

At its April 2000 meeting, the American Assembly of Collegiate Schools of Business (AACSB) voted to grant re-accreditation to the College of Business at Iowa State University. The Assembly granted re-accreditation for a period of ten years, until 2010. The AACSB requires a five-year interim report.

It is important to note that the focus of the AACSB review is no longer on assessing a detailed list of minimum standards. The focus now is to look at the mission and culture of the College and examine how the College is performing relative to its mission. The self-study report submitted to AACSB is comprehensive and includes details on the assessment of student outcomes.

The accreditation organization concluded that all standards were met. As each area was discussed, general comments were made on strengths and concerns. They are discussed in the Background and Analysis segment of this memorandum.

AACSB mandates that colleges seeking to have their accounting departments accredited should tie accounting accreditation to college-wide accreditation. Because accounting is integral to all aspects of the College's curriculum, the University and College determined that it was appropriate for the Department of Accounting to seek its initial approval. The external review team that visited the College of Business conducted a review of the Department of Accounting
simultaneously. Like the College of Business, the Department received a favorable report with no constraints or obligations placed on the Department. A five-year interim report is required by June 1, 2005. The final section of this memorandum will describe specific strengths and minor concerns, along with the institutional response.

**Background and Analysis:**

The College of Business at Iowa State University was established in 1984 and was first accredited in 1991 by the American Assembly of Collegiate Schools of Business (AACSB). The College offers seven undergraduate majors: accounting, finance, management, management information systems, marketing, production/operations management, as well as transportation and logistics. A secondary major is offered in international business. At the graduate level, the College offers the MBA and a Master of Science in Business Administrative Sciences.

In Fall 1998, the number of FTE faculty in the College of Business was 66. According to the self-study, the number of undergraduate students in the College in Fall 1998 was 3114. There were 216 graduate students. Since then, enrollments have continued to grow. In Fall 1999 the undergraduate enrollment was 3400 and in Fall 2000 it reached 3556. As of Fall 1999, there are 239 graduate students.

The external team visit for the accreditation occurred from October 31, 1999 to November 3, 1999. The visitation team concluded that "the academic programs offered by the College of Business demonstrate overall high quality and the College's processes, procedures, and controls support an environment of continuous improvement." No conditions were placed on the reaffirmation, other than that the normal five-year interim report be filed.

The visitation team responded to each section of the College's self-study with assessments of strengths and weaknesses related to that section. The sections were:

- Preamble and Preconditions
- Mission and Objectives
- Faculty Composition and Development
- Curriculum Content and Evaluation
- Instructional Resources and Responsibilities
- Students
- Intellectual Contribution.

The following is a summary of each of the sections, including the College's responses to observations and recommendations of the visiting team.
College of Business -- Review and Responses

Preamble and Preconditions

The Preamble contained an executive summary of the full report, while the preconditions segment provided background information on the formation and structure of the College, along with demographic information. The team raised two issues: (1) how the College would find resources to cope with increasing enrollment pressures and new programs offered; and (2) what efforts the College was making to increase the diversity of faculty and students.

College Response: At the time of the visit, the College had added 3.5 new faculty positions and was recruiting six new positions for Academic Year 2000-2001. The College filled five of the six positions. For 2001-2002, the College is in the process of recruiting five replacements for faculty and seeking one new faculty member. In part, the College is able to maintain and expand its faculty because of the commitment of the ISU administration. The question concerning diversity is addressed in the faculty and student sections that follow.

Mission and Objectives

The visiting team noted that the College's 1995-2000 strategic plan was in place and aligned with the University's five-year plan. However, the team concluded that the College's plan was general and difficult to assess for progress. The team called for the College to develop a more focused strategic plan with more measurable outcomes.

College response: Since the visit, the College of Business has finalized its 2001-2005 strategic plan, which includes specific implementation outcomes. This plan, including the assessment of progress made, will become the basis for the five-year interim report to the International Association for Management Education.

Faculty Composition and Development

The visiting team noted the College's effective processes for recruiting and developing quality faculty, a model for determining faculty capacity (i.e., load), and evaluation procedures. The team commented favorably on faculty development components, including the Center for Teaching Excellence, summer research grants, and departmental research seminars. The two strengths noted were "the college provides a pleasant work environment for faculty and staff," and "non-tenured faculty were laudatory of the collegial environment and positive support received from senior faculty and the administration." The two main concerns were a lack of endowed faculty positions and faculty diversity.
College response: Increasing the number of endowed faculty positions is one of the targeted areas in the College's current fundraising campaign. Since the time of the visit, when there were only two faculty members holding some form of named faculty position, three more have been added. Faculty diversity remains an area of concern. Of the nine faculty hired for the 2000-2001 academic year (seven new faculty, two replacements), five were male and four were female, one of whom is African-American. In Fall 1998, females were 18 percent of the faculty; females are now 24 percent of the faculty. Unfortunately, while the number of minority faculty remained the same, the percentage of African-American and Asian-American faculty fell from 9.1 percent to 8.3 percent during the same time period (Fall 1998 to Fall 2000).

Curriculum Content and Evaluation

The visiting team noted "the existence of a well-developed curriculum process supported by outcomes assessment processes that have been operating for a number of years." It added "the student academic files are meticulously maintained and the College Undergraduate Advising Office is scrupulous in implementing curricula and academic policies." Also, the team was impressed with the MBA Core Faculty established to teach the MBA core courses in all programs, including the Des Moines Evening MBA program. The areas of concern were the large number of transfer students entering the College and the fact that these students sometimes take courses out of sequence.

College response: The College continues to work with community colleges in refining articulation agreements for transfer students. The faculty of the Department of English are embarking on a research project that is aimed at improving the delivery of professional communication courses, including English 302 (the business communication requirement).

Instructional Resources and Responsibilities

The visiting team had positive comments about the University library, the Center for Teaching Excellence, the Instructional Technology Center and the Computation Center. Also, team members were impressed with the level of support of student use of computers. Of concern to the team was financial resources and space, in light of growing enrollments and program expansion, such as the Des Moines Evening MBA.

College Response: Enrollment statistics have been mentioned earlier. It remains a concern. The number of faculty is sufficient for the programs offered. The Gerdin Business Building plans are progressing on schedule.
Students

The external review team made a number of favorable comments in its report. The use of Business Learning Teams, growing internship opportunities, and the numerous students organizations received special mention. The review team expressed two concerns relative to students. The first was about the number and quality of students admitted provisionally in the part-time MBA program. Such students often had low GPAs or low General Management Admissions Test (GMAT) scores. The team noted, however, that such students did seem to do well once in the MBA program. Second, the review team commented on the lack of diversity among the student body.

College response: The self-study was based upon five years of evidence from 1993-94 to 1997-98. Since 1997-98, indices of student quality have continued to increase. The number of business students holding internships has increased from 438 to 552; and placement rates continue to increase (from 90% to a range of 96 to 98%). The student diversity issue remains difficult.

Intellectual Contributions

The external review team concluded "the faculty of the college produce an impressive level of scholarly research that is published in leading academic and professional journals." Further, it found the faculty to be active in professional organizations, including service on editorial boards of major journals in several business areas. The team concluded that the "quality junior faculty" would flourish, considering the faculty development opportunities provided by the College and University.

College response: Although there are many demands placed upon the faculty, they will continue to meet their responsibilities for scholarship and service.

Student Outcomes Assessment

As stated earlier, the accreditation process in the College of Business was very much like an academic program review. That meant, among other things, that student outcomes assessment played an important role in several areas -- curriculum and students. AACSB requires that students gain exposure to a number of issues and that they acquire certain skills in their curriculum. AACSB expects students in accredited business programs to have an understanding of:

- The role of ethics in business decisions
- Global issues and how they affect organizations
- The role of technology in business
- The impact of external forces on internal business operations
- The role of diversity in organizations.
The AACSB expects students to enhance their skills in the following areas:

- Working in teams
- Oral communications
- Written communications
- Computer proficiency
- Analytical abilities.

The College of Business uses these areas as goals of the curriculum. Each faculty member was asked to prepare a "course map" indicating the extent to which each of these ten items was covered in each course. To assess the extent to which business students perceive that the areas have been adequately addressed, all students enrolled in the capstone strategic management course each spring semester complete a computerized assessment survey. In addition, all recruiters who visit campus each fall to recruit business majors complete a survey on the degree to which they perceive these ten items as important and the degree to which they believe the College's students possess the knowledge and skills listed.

The College reports that the results of the surveys have been used to make some modifications in the curriculum. For example, recruiters reported that students needed more programming skills, and the curriculum was modified. Two years of data from recruiters suggest that, in general, students have been well prepared in the areas of understanding and skills listed above. College officials will provide more specific data at the Board meeting.

**Department of Accounting**

As noted earlier, the College made a decision to seek initial accreditation of the Department of Accounting at the same time that the College was seeking re-accreditation. The College provides the following reasons for the dual process. First, the process is consistent with the policy of AACSB that "Accounting accreditation is an elective extension of business accreditation." Second, the accreditation would be an additional measure of the quality of the accounting program. Third, accreditation is timely, considering the recent expansion of state requirements that candidates seeking CPA certification have graduated from a 150 hour program. Recently, ISU added a Master of Accounting degree.

It should be noted that the College of Business at the University of Iowa has obtained accreditation for its Department of Accounting. The University of Northern Iowa has decided not to seek the separate accreditation for Accounting, in part because of the high passage rates of its graduates on the CPA examination.
At the completion of the site visit in November 1999, the entire external review team recommended reaffirmation of the College's accreditation, and its subcommittee prepared a separate report recommending accreditation for the Department of Accounting. Thus, there is considerable overlap in this dual accreditation progress. The recommendations were submitted to the International Association for Management Education (a new name being phased in by AACSB), which granted the accreditation for a ten-year period (to 2010) in its letter of April 24, 2000.

The letter granting accreditation stated that one purpose of the peer review process is to further stimulate the continuous improvement of quality accounting programs. It recognized the following strengths of the program:

- Leadership of the Dean of the College of Business
- Leadership of the Chair of the Department of Accounting
- High quality of students in the program
- Strong faculty commitment to excellence
- Strong support provided by the business community.

No specific areas of weakness were identified. However, the AACSB letter did state that, prior to the next review, the Department should give particular attention to:

- Curriculum issues (including absence of a course in accounting information systems)
- Professional advisory board
- Placement records of students
- Faculty involvement in, and types of, intellectual contribution activities
- Resources required for graduate level education.

Some of these issues had been addressed in a memorandum prior to the visit of the team. For example, the advisory board had been expanded. The number of FTE faculty in the Department exceeded the guidelines of AACSB. The number is sufficient even with the expanded MBA program in Des Moines. Changes have been made to improve student record keeping, as well as for tracking alumni.

The external review team raised three specific concerns, all of which have received responses by the Department.

**Issue 1:** 28.1% of accounting undergraduates appear unaccounted for (Table A-S2.3, page A-S.6 of the Self-Evaluation Report, Department of Accounting). How does the tracking systems for undergraduate placements work?
Departmental Response: The data in Table A-S2.3 can be misinterpreted. The 28.1% refers to both “other” and not available. “Other” includes those enlisting in the military, those seeking only temporary employment, those not seeking employment at all, and those for whom we have no information. The latter category is 15.7% of the total. Over the past two years the percentage of students in this “other category” has decreased (16% in 1998-99; 19% in 1999-2000) and the number of students for whom no information is available has dropped dramatically, from the 15.7% noted above to 8.8% in 1998-99 and 4.3% in 1999-00.

The Department has done a better job in recent years of tracking down students after graduation. The manner in which we gather employment information on graduates is as follows. Students are asked to fill out a short survey as they are graduating on their employment prospects. For those who indicate no employment at the time of graduation, we send them a short questionnaire approximately three months after graduation (if they have provided us with an address on the original inquiry). Followup to this questionnaire is conducted for nonrespondents via telephone.

Issue 2: Are there enough faculty in the Department of Accounting? Particular concern was given to the number in light of expanding graduate programs and the lack of full professors in the department.

Departmental Response: Table A-FD.2 (See pages A-FD.9&10 in the Self-Evaluation Report for the Department of Accounting) clearly shows that the Department of Accounting exceeds the minimum FTE (i.e., Full Time Equivalent) standards required by AACSB. The minimum, based on coverage of student credit hours by qualified faculty, is exceeded for every semester covered by the self-study period (Fall, 1994-Spring, 1999). In addition, the department uses no graduate students and only occasionally utilizes part-time faculty in course coverage. Consequently, full-time faculty cover over 92% of the student credit hours in every semester covered by the self-study period. (See Table A-FD.2.) In fact 7 of the 10 semesters included in this time period had 100% coverage by full-time faculty.

There are 2 full professors in the Department of Accounting, Drs. Hira and Smith. While both currently hold administrative appointments (Dr. Hira is Associate Dean, Dr. Smith is Department Chair), each teaches half-time. It is important to note that accounting students do not take courses exclusively in accounting. Rather, the major in accounting is part of an integrated business curriculum. Consequently, accounting majors have a high likelihood of being exposed to full professors throughout the College of Business. Although not a direct measure, statistics for 1999-00 show that 32% of the college’s introductory courses are taught by senior faculty (full and associate professors).
Issue 3: The Report of the Peer Review Team (See page 5.) notes the absence of a course in Accounting Information Systems (AIS) as a serious flaw in the bachelor’s program.

Departmental Response: The Peer Review Team does note that the course (Acct 487) was added to the Fall 2000, schedule of classes. They go on to recommend the addition of another course in AIS, perhaps as part of the new Master of Accounting program. Accounting 487 has been offered both Fall 2000 and Spring 2001. In addition, Accounting 587, Seminar in Accounting Information Systems, is scheduled to be offered in the fall of 2001 as part of the department’s graduate offerings. Finally, the Department of Accounting specifically targeted AIS as the area of specialization for its latest hire. Diane Janvrin, who specializes in Accounting Information Systems, joined the accounting faculty this January.

Conclusions

The accreditation process of the College of Business was different from its previous accreditation. In this accreditation review, there was less emphasis on numerous criteria having been met and more emphasis upon evaluating whether the mission, goals, and student outcomes of the College were in harmony. The visiting team and the AACSB concluded that the program is consistent with the mission of the College, which in turn is consistent with the strategic plan of the University and the Board of Regents.

The unresolved concerns mentioned include the diversity of faculty and staff. Another area of continued scrutiny will be the quality of transfer students.

Copies of the self-study reports, on-site visiting team reports, and correspondence between the accrediting organization and the University are located in the Board Office.

[Signatures]

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Approved: Frank J. Störk

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