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Examining Financial and Non-Financial Indicators for Predicting Private Higher Education Viability

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ABSTRACT

Administrators of private colleges rely on the ability of financial indicators to assess financial viability. Numerous tools exist to help analyze an institution's unique financial condition; however, many administrators lack the resources or the time to decipher all the data. To narrow the process, financial and non-financial ratios allow administrators to focus on those measures considered critical to the institution. Unfortunately, determining a unique set comparable across peer institutions can be a challenging task.

A total of 766 private colleges and universities listed by Moody's Municipal Financial Ratio Database, Guidestar.org and the Integrated Postsecondary Educational Database (IPEDS) were used in the study. The Consolidated Financial Index (CFI®) developed by KPMG LLP, Prager, Sealy & Co., LLC, and Bearing Point, Inc. was then utilized to classify institutions as either financially strong or weak. Logistic regression was then used to analyze whether student demographics, demand, capitalization, capital spending, endowments, college affordability, revenue contribution and tuition subsidy ratios discriminated between the two CFI classifications, strong or weak. The results revealed that several ratios provide discriminating capabilities including capitalization rates, capital spending, endowments, tuition subsidies and revenue contribution ratios.

Introduction

Over 300 private colleges closed between 1970 and 1993, primarily from inadequate financial resources and strengthening competition from publicly subsidized institutions (Wolfram, 1997). Although many private institutions are still in existence, their balance sheets and expendable resources have deteriorated significantly. From 1999-2003 the median level of financial resources at private colleges remained flat, while debt levels increased by 55% and operating expenses increased by 32% (Moody's, 2004). Outside of a small percentage of well-endowed private colleges, many privates have experienced increased financial pressure and deteriorating credit ratings (Moody's, 2004).

The research in this quantitative-predictive study addressed these pressing issues, while extending the knowledge of financial and non-financial indicator (ratio) analysis as a predictive tool in higher education financial viability research. Focusing on a posteriori and a priori approach, indicators chosen for the study reflected emerging trends within the higher education sector. Trends, such as the role of immigrants and non-traditional students and their impact on the demand for higher education, were used (Moody's, 2002). Other factors, such as debt usage, endowments, gift giving, capital spending rates and asset replacement, continue to be important and were also analyzed. Pertinent to earlier studies and still valid today is college affordability, specifically the price of private education. With public institutions continually gaining a larger market share of students, private-institution administrators have no option but to adjust their one controllable variable, tuition price or discounts. College officials spend numerous hours rationalizing the correct mix of list-tuition price and student discounts that contribute to maximize net revenue for the institution.

Administrators at private colleges must be able to adjust operational objectives in advance to meet the changing needs of the institution. College officials can no longer afford to sit complacently while competitive public and for-profit colleges erode their market share of students. Failure to act propels school leaders to push their financial capabilities beyond appropriate boundaries. Understanding such boundaries, and how to forecast unforeseeable fiscal distress in advance, demands the utmost importance. From these pressing and timely issues, the following research questions were investigated through this study.

1. Are there predictable differences between financially viable and financially non-viable four-year non-profit colleges when colleges are grouped using the Consolidated Financial Index™ and student demographic ratios are used as predictors.

2. Are there predictable differences between financially viable and financially non-viable four-year non-profit colleges when colleges are grouped using the Consolidated Financial Index™ and student demand ratios are used as predictors.

3. Are there predictable differences between financially viable and financially non-viable four-year non-profit colleges when colleges are grouped using the Consolidated Financial Index™ and endowment and investment ratios are used as predictors.

4. Are there predictable differences between financially viable and financially non-viable four-year non-profit colleges when colleges are grouped using the Consolidated Financial Index™ and capital ratios are used as predictors.

Literature Review

Previous research in higher education ratio analysis can be classified into several distinct methodologies and validation techniques. Variations in the type of methodology evolved from several factors, mainly a variation of time, cost and availability of a particular researcher (Brubaker, 1979). Of the earliest studies, many were subjective (Cheit, 1971; Jenny, 1979; Jellema, 1973; Lupton, et al., 1976) and relied on a panel of experts to rate colleges as either financially strong or weak. In subjective studies, money was considered necessary only to meet the purpose of the institution; if a shortage occurred, these purposes might have to be curtailed. This implied that many intangible factors were subjective and varied from institution to institution (Taylor, 1984). One of the more important studies using this technique was by Lupton, Auginblick and Heyison's (1976), The Financial State of Higher Education. Researchers used the Higher Education General Information Survey (HEGIS) data to rate 55 institutions as healthy, neutral, relatively healthy or unhealthy. Using discriminant analysis as the statistical validation technique and as many HEGIS indicators as possible, sixteen indicators were used to distinguish between the different groups. The indicators were then applied against the complete set of 2,200 institutions. Other researchers (Collier, 1976; Andrew, & Friedman, 1976) used combinations of descriptive-trend analysis, expert testimony and consolidations of previous work to isolate financial and non-financial ratios for measuring institutional viability.

One of the criticisms of these earlier subjective studies was that no standard was applied regarding the expert panel and how the researchers selected discriminating factors. Although indicators existed to discriminant financial conditions, whether these conditions were synonymous across experts was still questionable (Collier, 1979). Researchers (Lomax, 1984; Roden, 1991; Peters, 1995; Gallagher, 1998) later used a combination of expert opinions, surveys and descriptive analysis in developing predictor ratios.

Studies were also classified as being either proactive or retroactive. In retroactive studies (Andrew, & Friedman, 1976; Cheit, 1971), institutions were either already closed or operating when the study began, thus, knowing if the institution would eventually close was already apparent. In proactive studies (Jenny, 1973; Peters, 1994), analysis was performed before the college or university actually closed, allowing the researchers to focus more on distress indicators and statistical analysis for classification purposes. Peters (1994), for example, relied on three distress indicators: smallest relative increase in faculty salary, smallest relative increase in enrollment and smallest relative increase in current revenue. Colleges with the highest increase in these distress indicators were marked as normal (likely to stay in operation) and colleges with the smallest relative increase were marked as distressed (likely to close). Multivariate statistical techniques, such as cluster analysis, factor analysis and discriminant analysis, were then used to determine which indicators classified institutions as either distressed or normal.

It was interesting to note that some of these studies (Andrew, & Friedman, 1976, Lupton, et al., 1976; Schipper, 1977; Peters, 1994) contained questionable results. Lupton, et al. and Peters both relied on discriminant analysis to distinguish ratios classifying colleges as distressed or normal; however, the number of cases was well below an accepted level of cases-to-independent variables set at ($N \geq 50 + 8m$; $\alpha = .05$, ß = .20), where m was the number of variables and N, the number of cases (Tabachnick, & Fidel, 2001). Other suggested validation techniques, such as cross-validation tests, were not performed in a majority of the research studies.

Several commercial methods have evolved for classifying colleges financially. KPMG and Prager, McCarthy and Sealy developed a method for determining the degree of financial distress within private colleges called the composite financial index™ (CFI) (Salluzzo, et al., 2005). The CFI model establishes four high-level ratios that classify colleges as either financially weak, strong or somewhere in between. The four measures or ratios include resource sufficiency (primary reserve ratio), debt management (viability ratio), asset performance and management (return on net assets ratio) and operating results (net operating revenue ratio).

To determine the CFI index, Salluzzo, et al., (2005) states that each of the aforementioned ratios should be calculated and converted to a strength factor comparable to established threshold points on an overall CFI scoring range. Each strength factor should then be weighted based on its relative importance to the overall CFI. CFI scores typically range in value from -1 to 10, with lower scores representing financially weak colleges and higher scores representing financially strong colleges. Until this study, techniques for classifying colleges were based on multiple quantitative and qualitative methods, such as subjective or post-facto classifications (Brubaker, 1979). Although the CFI methodology has been widely used in higher education for assessing financial condition and peer comparisons, using it as a classification technique for predictive analysis has been limited. This is understandable since the CFI measurement was not widely used until 1999. The proven success of the CFI index provides an improvement over earlier, more qualitative and subjective classification techniques. It also creates a proactive classification criterion for identifying financially healthy or unhealthy institutions.

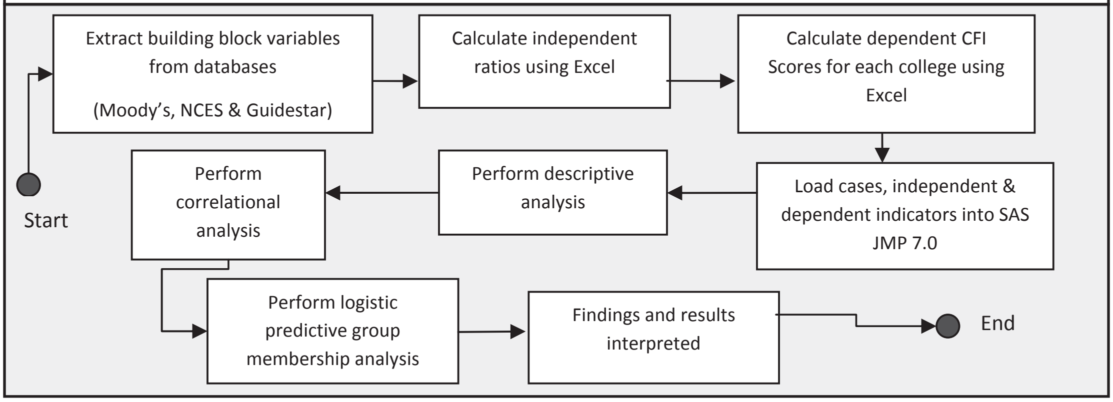
Research Methodology

An ex-post design was used as the technique to analyze the traditional and emerging ratios or indicators. Specifically, indicators for student demand, demographics, institutional-gift giving, endowment and capital spending were analyzed to determine if any served as predictive discriminators for financially viable or financially stressed four-year non-profit colleges.

Eight hundred and thirteen U.S. colleges or universities with a Carnegie classification of four-year non-profit baccalaureate institutions up to University I & II, as noted by The National Center for Educational Statistics, were collected as the primary sample (NCES, 2005). From this sample, 766 institutions or cases meeting the Carnegie classification were actually used in conducting the research. Ex-post databases used to create independent and dependent variables included Moody's Investor Services® Database (Moody's, 2005), National Center for Education Statistics (NCES) and GuideStar® (GuideStar, 2005). Selected cases represented a longitudinal time span from 2001 to 2004 academic years.

The study used an ex-post facto predictive-relationship design utilizing logistic regression to test the primary research questions. A schematic diagram shown in Figure 1 provides a systematic view of the design along with the implementation sequence.

FIGURE 1.
RESEARCH DESIGN EVENT SEQUENCE



Researchers for the Association of Governing Boards (AGB) of Universities and Colleges define the financial ratios for higher education as those ratios needed to assess the mission and strategy of the institution (Johnson, McCarthy, & Turner, 1997). These same ratios are also defined by rating agencies, such as Moody's and Standard & Poor's, as key areas in assessing the financial viability of non-profit higher educational institutions. Another rating agency, KPMG, groups ratios into several categories, depending on the type of ratio (Salluzzo, et al., 2005). Independent and dependent indicators used in the study came from several areas including student demand, demographics, endowment and capital spending for private, non-profit four-year colleges.

Specific independent variables or ratios used to test the stated research questions included student selectivity (SR), matriculation (MR), percentage of minority students (D-MI), college affordability (CA), Scholastic Aptitude Test (SAT), tuition discount ratio (TD), net tuition to total revenue (NT-TR), endowment to total operating expense (END-TopEx), gift revenue to total revenue (GT-TR), capital spending (CS) and capitalization (CR). The dependent-dichotomous variable included the group membership identifier CFI Score with values of CFI-Below and CFI-Below. Table 1 list the indicators analyzed in the study.

TABLE 1
DEPENDENT AND INDEPENDENT INDICATORS

Code Abbreviation	Independent Ratio Indicators
SR	Selectivity Ratio
MR	Matriculation Ratio
CA	College Affordability Index
NT-TR	Net Tuition to Total Revenue
TD	Tuition Discount
D-MI	Percentage of minority students to total students
END-TOpEx	Endowment to Total Operating Expenses
CS	Capital Spending Ratio
GR-TR	Gift Revenue to Total Revenue
CR	Capitalization Ratio
Code Abbreviation	Dependent Ratio Indicators
CFI	Consolidated Financial Index
CFI-Above	Consolidated Financial Index (CFI ≥3)
CFI-Below	Consolidated Financial Index (CFI <3)

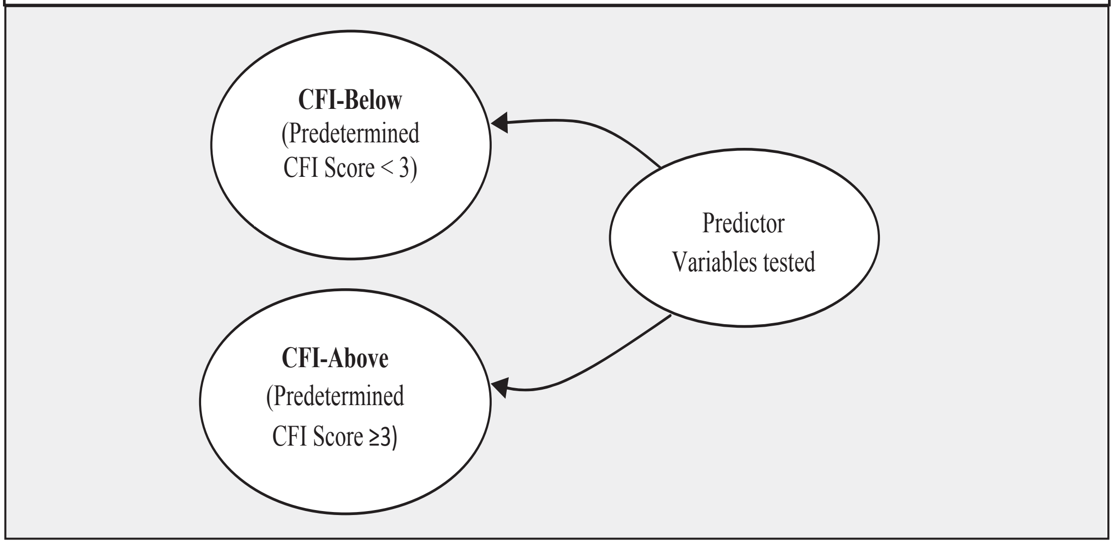
The dependent variable, CFI Score, served as the grouping variable for viable and non-viable colleges. Colleges naturally classified by their calculated CFI were assigned to one of the two groups, CFI-Above and CFI-Below. The CFI Score variable served as a classification-group identifier for logistic regression tests. Independent ratio variables were used as predictors, with the goal of determining if any of the ratios were discriminators of group membership, CFI-Above or CFI-Below. A third variable, CFI was used as an interval scale dependent variable and represented the actual CFI for a college. Additionally, the CFI variable provided descriptive and correlational insight between indicator relationships, before testing the independents for group membership predictability. Figure 2 shows a diagram of the dependent (CFI group membership or CFI Score variable) to independent variable (predictor) construct.

financially weak, while scores above 3 are considered financially strong.

Findings

Logistic regression was used as the statistical technique to test the research questions based on CFI Score group membership. Similar to discriminant analysis and often a preferred non-parametric replacement (Tabachnick, & Fidell, 2001), logistic regression assumes a dichotomous

Figure 2
Predictor to CFI Group Diagram



The Consolidated Financial Index or Composite Financial Index™ (CFI) was used as an instrument to determine the initial financial classification for each of the 766 colleges. CFI classification ratios were not used directly as study variables, but were required to determine the 4-year average financial classification for each college, as either viable (CFI-Above) or non-viable (CFI-Below). Higher education administrators use the CFI, developed by KPMG and Prager, McCarthy, and Sealy, to determine the financial viability of colleges and universities (Salluzzo, et al., 2005). Using four financial ratios, converted to field-tested strength factors and then weighted based importance, CFI scores typically range from -1 to 10. Colleges with CFI scores below 3 are considered

dependent variable, but unlike discriminant analysis, independent variables can be continuous and or categorical. Logistic regression makes no assumptions about the independent variables, such as linearity between the dependent and independent variables, normal distribution of variables, and no homoscedasticity (equal variance within each group) between independents. Using SAS JMP® 7.0 and stepwise variable selection, the results shown in Table 2, were obtained after applying logistic regression to the sampled colleges (cases).

Analyzing the results of the Whole Model Test and the LogLikelihood column revealed a difference between the Reduced Model and the Full Model. The Reduced Model represents the logis-

Table 2
Nominal Logistic Fit for CFI
(Above/Below)

Whole Model Test

Model	-LogLikelihood	DF	ChiSquare	Prob>ChiSq
Difference	86.60284	7	173.2057	<.0001
Full	301.90187			
Reduced	388.50471			
Rsquare (U)	0.2429			
Observations (or Sum Wgts)	383			

Parameter Estimates

Term	Estimate	Std Error	ChiSquare	Prob>ChiSq
Intercept	-4.1654328	1.5921694	6.84	0.0089
NT-TR	-1.8663001	1.0060437	3.44	0.0336
TD	-4.2592758	1.1919578	12.77	0.0004
END-TopEx	0.50400831	0.1681165	8.99	0.0027
CS	0.08532289	0.0265032	10.36	0.0013
GR-TR	-3.8755511	1.2073527	10.30	0.0013
SAT	0.00323127	0.001157	7.80	0.0052
CR	5.37928807	0.9053095	35.31	<.0001

Effect Wald Tests (For log odds of CFI-Above/CFI-Below)

Source	Nparm	DF	Wald ChiSquare	Prob>ChiSq
NT-TR	1	1	3.4413529	0.0336
TD	1	1	12.768791	0.0004
END-TopEx	1	1	8.9878297	0.0027
CS	1	1	10.364183	0.0013
GR-TR	1	1	10.303829	0.0013
SAT	1	1	7.7999106	0.0052
CR	1	1	35.306561	<.0001

Effect Likelihood Ratio Tests

Source	Nparm	DF	L-R ChiSquare	Prob>ChiSq
NT-TR	1	1	3.4531697	0.0331
TD	1	1	13.6312983	0.0002
END-TopEx	1	1	10.2514881	0.0014
CS	1	1	11.5915277	0.0007
GR-TR	1	1	10.499907	0.0012
SAT	1	1	8.041664	0.0046
CR	1	1	40.984821	<.0001

tic regression equation with only the intercept value entered, and the Full Model represents the logistic equation with all the variables entered. Larger differences between the Full and the Reduced Models indicate a greater likelihood that the Full Model predicted the observed sample better than the naïve or intercept only model. The difference was significant at -LogLikelihood = 86.7, χ (7, 383) = 173.205; $p < .0001$. The full prediction model equation with the parameter estimates can be stated as follows.

$$Yi = \frac{e^{-4.165 - 1.866(NT-TR) - 4.259(TD) + .504(END-TOpEx) + .085(CS) - 3.875(GR-TR) + 5.379(CR) + .0032(SAT)}}{1 + e^{-4.165 - 1.866(NT-TR) - 4.259(TD) + .504(END-TOpEx) + .085(CS) - 3.875(GR-TR) + 5.379(CR) + .0032(SAT)}}$$

When applying the prediction equation to a cross-validation sample of colleges, 73.9% percent were classified correctly (observed = predicted). This was noted in the SAS output of concordant to discordant predicted probabilities to observed responses shown in Table 3. The overall model R-Squared result was r2 = .249, $p < .0001$, showing a modest percentage of variance explained by the model.

Table 3
Output of Predicted to Observed Logistic Regression Results

Association of Predicted Probabilities and Observed Responses			
Percent Concordant	73.9	Somers' D	0.640
Percent Discordant	25.9	Gamma	0.641
Percent Tied	0.1	Tau-a	0.308
Pairs	71940	c	0.820

Conclusions from Findings

The findings showed that college affordability (CA) and the percentage of minority students (D-MI) were insignificant ($p < .05$) in predicting viable from nonviable institutions. SAT scores, however, showed a significant ($p < .05$) ability to separate viable from nonviable colleges based on CFI Score; this confirmed earlier research by Winston and Yen (1998), showing that students with higher SAT scores were associated with wealthier or more financially viable institutions.

Student demand ratios selectivity (SR) and matriculation (MR) were investigated under question two. Selectivity was slightly significant in a single predictor model ($p < .05$) using logistic regression, but insignificant under the same tests in a multi-predictor setting. Matriculation was insignificant, regardless of single or multi-predictor model. Selectivity and SAT scores were inversely related and showed moderate negative correlation r (383) = -.332, $p < .0001$, confirming earlier research results by Moody's (2004) on several hundred private colleges.

Four predictor ratios were investigated under research question three, including gift revenue to total revenue (GT-TR), net tuition to total revenue (NT-TR), tuition discounts (TD), and endowment to total operating expenses (End-TopEx). Results showed the tuition discount ratio had an inverse predictive relationship with CFI Scores and provided modest predicting capability for separating financially viable from non-viable colleges using logistic regression. The finding reflects earlier studies conducted by Davis (2005) and Moody's (2004).

Revenue contribution ratios, NT-TR and GR-TR, were found to be insignificant in single predictor models, combined with other variables under logistic regression, both were significant at discriminating financially viable from non-viable institutions. Correlation analysis also revealed significant negative correlations for NT-TR and CFI, r (383) = -.299, $p < .0001$, and GT-TR and CFI, r (383) = -.289, $p < .0001$. This relationship emphasizes the importance of maintaining diverse revenue streams and that over-reliance on any single source of revenue might indicate weaker financial viability.

The final predictor analyzed under question three was endowment to total operating expenses (END-TopEx). Under single and multi predictor logistic regression tests, the predictor was significant ($p < .05$) at distinguishing financially viable from non-viable institutions. Significant positive correlation existed between the ratio and average CFI , r (383) = .6631, $p < .0001$ and showed that larger institutional endowments are linked to greater financial viability. These findings reflect similar work by Winston (1998; 1999) on the association between college costs and subsidies. Winston showed that large endowments provide an alternative source of income and subsidize student tuition and expenses, creating higher overall demand and wealth for the institution.

Two predictors were analyzed under question four including capitalization rates (CR) and capital spending rates (CS). Interpreting the results, both ratios were significant ($p < .05$) in predicting financial viability through CFI Scores, especially capitalization rates. Capitalization rates were further divided into their financial and physical capital percentages to uncover the differences between liquid capital and non-liquid capital on financial viability.

Capitalization levels, or net assets to total assets, were found to be a significant indicator in predicting viable from non-viable institutions using logistic regression. Correlation analysis also revealed significant positive relationships between capitalization rates and CFI, r (383) = .4439, $p < .0001$. To analyze capital structure in detail, capitalization was divided into two additional components, financial net assets and physical net assets. Results show that institutions with higher percentages of financial net assets were more likely to be financially viable than institutions with higher rates of physical assets to net assets. However, much of the variation can be attributed to the increased usage of debt during the period. The findings showed that debt increased on average by $2,000,000 per institution during the study period. Whether the additional debt provides a significant ROI and improved financial performance in future years is a concluding and debatable question not yet answered.

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AACSB Accredited Business Programs: Readability of the Mission Statements in the Southeastern United States

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ABSTRACT

The current AACSB accreditation standards place a particular emphasis on business program mission statements as a holistic statement of goals and as the guiding document of the business program. Thus, as missions garner an increased focus through assurance of learning and indeed all related operations of the program, a need to determine mission statement readability was perceived, especially since the mission relates to a variety of stakeholders. Thus, mission statements from bachelor's degree granting business programs in the Southeast were analyzed for readability, complexity, and mechanics. Findings included a statistical difference between public and private business programs according to mission statement readability, with public programs as higher, but no statistical difference was found on any other factor. Business program mission statements in the Southeast included an average grade-level of readability of 15.73 (15th grade), vocabulary complexity of 71% (out of 100%), an average passive language percentage at 11.92%, and an average length of 66 words. However, there were 367 flagged errors in all 121 analyzed mission statements, which is an average of 3 flags per statement in areas such as mechanics and spelling. Recommendations include consideration of mission statement readability by business programs as the statements relate to incoming students and especially the number of flagged errors.

Introduction

As business programs worldwide prepare for and undergo accreditation visits under the "new" (2003 adoption and subsequently revised) AACSB standards, two things emerge as some of the most important factors for consideration in the "assurance of learning" focus of the standards: the stated missions of business programs and the importance of communication skills. Indeed, as written in the current AACSB accreditation standards, the mission statement seems to be the most important document on which all program actions are based. The formulation and communication of the school's mission seems to be at the forefront not only of accreditation, but also of the business program's image and holistic plan for assurance of learning.

The "Standards for Business Accreditation" section of the AACSB's current guiding standards document lists the description of a mission statement as the first, which may also possibly imply foremost, item for consideration:

> Strategic management standards verify that the school focuses its resources and efforts toward a defined mission as embodied in a mission statement. That mission statement may be broad or narrow, general or precise, but however it is stated it should assist the decision makers, implementers, students and other constituents of the school to know the school's goals. The mission statement performs different functions for different constituencies. (AACSB, 2008, p. 18)

As described in the accreditation standards, the institution's mission statement has a direct or indirect bearing on all accreditation and thus operating efforts, and is specifically mentioned in the standard's delineations regarding the AACSB's "Strategic Management Standards" regarding the differing "constituencies" involved in institutional direction and success. In fact, the standards include the specifically described and numbered delineation of faculty/student issues and their basis from the school's mission. The factors listed in the standards with a specific reference to a mission statement include: Student admission (strategic management standard (#6)), student retention (#7), staff sufficiency (#8), faculty sufficiency and qualifications (#9, 10), and faculty support (#11) (AACSB, 2008, p. 13-14).

Further, the importance to a program of being mission-driven is thus explicitly stated: "Because of the link between an institution's mission and the accreditation process, and because the assessment by the Peer Review Team is central to the accreditation decision, the Peer Review Team exercises the responsibility to judge the reasonableness of any deviations from these standards" (AACSB, 2008, p. 2)

Therefore, as the formulation of the institution's mission statement is notably particular to each institution, and as AACSB accreditation focuses on the mission, the question remains whether institutions themselves are articulating their particular mission well. In fact, in keeping with the assurance of learning standards of the AACSB, communication factors into the most important aspects of student learning.

Since the mission statement of business programs in higher education impacts a variety of stakeholders, especially students, and since very little research is available on such statements, a need for the study was realized and research questions were formulated as thus: 1) How well a program's mission is articulated, and if it is relatively free from convoluted, flawed writing, and 2) To what level of complexity are the statements written—this impacts perhaps the utmost stakeholder in the institution's equation, the incoming student who plans to commence study with that particular program.

Literature Review

A business program's learning objectives stem from the overall mission, and the clients to which it strives to serve. The importance of the mission statement is revealed by Martell (2007): "Consistent with the AACSB mission-driven philosophy, no one response is prescribed" (p. 192). This advice was given in reference to "closing the loop" in assurance of student learning. Six specifically named skills for assurance of learning to which the AACSB feels business programs should inspire students to gain competency are named in the organization's literature, including "communication abilities, ethical understanding and reasoning abilities, analytic skills," and more (AACSB, 2008, p. 72). Thus, it should follow reason that mission statements reflect this focus on communication, particularly written communication, as most business program mission statements are available on business programs' webpages, original printed literature regarding the programs, and, on occasion, cited in other literature on programs such as *Peterson's and The Princeton Review.*

In fact, writing skills seem to be an area of current curricular concern in business programs. The importance of communication skills and direction is shown in several studies which span several business disciplines, such as accounting (Porter, 1997), finance (Tanner & Cudd, 1999), operations management (Keller & Kros, 2000), information technology (Jacobs, 1998), and research and development (Blake, 1996).

Business school department chairs have stood firm on written communication skills. Wardrope (2002) showed that business school leaders (i.e., department chairs and program directors) perceive writing skills to be more important to business communication courses than oral communication, communication technology skills, interpersonal communication, group communication, listening, and inter-cultural communication. Plutsky (1996) also received a similar response from business faculty as to the potential business communication needs of graduates. Even more specifically, business communication professionals were asked in 1999 by Wardrope and Bayless to rank 30 competencies based on importance for the workplace. Of those 30, the top 5 came from the realm of written communication. Written skills have received premium attention by these groups due to the fast-paced business environment of rising competition, correspondence, and technology (Van der Colff, 2004). In fact, business students themselves cite written communication as an important skill upon graduation (Davis, Riley, & Fisher, 2003).

These examples help identify the linkage between the importance of the written mission statement with a business practitioner focus with that of the business education program mission statement geared to prepare future practitioners for the workforce. Thus, business school representatives are tasked with the creation of a succinct and clear school mission; the articulation of that mission, which also involves the encapsulation of related learning goals.

However, despite this linkage, research dealing with the analysis of mission statements in academia or business is scarce, and studies that have been done almost solely deal with for-profit organizational statements. Also, often in such studies, the mission statement classification is the independent variable, coupled with a dependent variable such as performance (as measured by returns). A recent study investigated mission statements of governmental accounting firms where statements were assessed based upon a shareholder versus a wider stakeholder approach in the mission. However, "the mission orientation difference did not affect performance," which, in this case, was measured by stock returns (Omran, Atrill, and Pointon, 2002).

In a slightly different result, in a study of Fortune 1000 firms, not surprisingly, mission statements were found to be more comprehensive, with greater values encompassed, in those firms that performed higher than others in the Fortune 1000 (Williams, 2008). McDonald (2007) also found a similar result even in nonprofit organizations.

However, little research has been done regarding academic mission statements. Due to the importance of the mission-driven AACSB accreditation process and the need for institution's stakeholders to get a firm grasp of the school's mission, a need for the study was seen to be evident. Thus, the study sought to investigate a portion of bachelor's degree granting business programs in one region of the United States for a variety of issues, including mechanics, complexity, and readability.

Procedures

The population for the study consisted of all bachelor's degree granting business programs in AACSB colleges and universities in the Southeast region of the United States, of which school mission statements were individually examined and analyzed. Therefore, the total number of business program mission statements analyzed was N=121, as shown in Table 1. The population was delimited to include business programs from Kentucky, Virginia, West Virginia, Tennessee, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, North Carolina, and South Carolina. Mission statements used for review and analysis solely stemmed from the public posting of the statement on the institution's College of Business websites or links to the current bulletin/catalog. Thus, all baccalaureate business program mission statements were located via worldwide web, and none were obtained via print matter or mailing.

The mission statements were examined for several different readability factors, including grade-level (via Flesch-Kincaid analysis), percentage of passive sentences, vocabulary complexity, length (words, sentences, paragraphs), and, perhaps most importantly, flagged errors, such as run-on sentences, jargon, and even spelling and punctuation errors. The examination of mission statements for error and also readability was performed by WordPerfect's Grammatik function. Seen in Table 1 is the states breakdown of number of business programs analyzed with the study. However, it is important to note that Table 1 is not reflective of every possible baccalaureate-level business program, as a small percentage (two programs) did not have the mission statement available for public viewing and/or the mission statement could not be electronically analyzed (seven programs).

Table 1
Number of Baccalaureate AACSB Accredited Business Program Mission Statements Analyzed by State

State	Number of Mission Statements Analyzed
Georgia	16
Louisiana	14
North Carolina	13
Virginia	13
Florida	12
Alabama	11
South Carolina	10
Tennessee	9
Arkansas	8
Kentucky	8
Mississippi	5
West Virginia	2
Total	121

Procedures to analyze mission statements were completed via Corel WordPerfect X3, with the Grammatik function as a guide to check readability scores and mechanics. WordPerfect was chosen as it is popularly seen as having greater readability and grammar analysis capabilities than Microsoft Word ("WordPerfect," ¶4). Readability statistics of mission statements were based on the work of the Austrian-born Rudolph Flesch, a pioneer in business communication and technical writing, whose popular work The Art of Plain Talk (1946) stressed concise and clear writing.

Moreover, the Flesch-Kincaid analysis procedures linked with Corel WordPerfect stems from the Flesch analysis of readability as Readability = (1.599 x the number of one-syllable words per 100 words) - (1.015 x the average number of words in the sentences) - 31.517. Also, research has shown that the formula has validity reaching 0.7, which reaches acceptable levels (Sticht, 1975, p. 14). However, more work was later done on the formula to revise it to indicate reading complexity and ease (Farr, Jenkins, & Patterson, 1951). Then, the effort was made to convert it to a more usable formula involving North American school grade levels, which is the popular formula currently used. "In 1976, a study commissioned by the U.S. Navy modified the Reading Ease formula to produce a grade-level score. This popular formula is known as the Flesch-Kincaid formula, the Flesch Grade-Scale formula or the Kincaid formula" (DuBay, 2004, p. 21). This formula, which is currently used worldwide, was utilized in the analysis of the 121 business program mission statements.

Findings

Findings were grouped into three categories of information: readability, vocabulary complexity, usage of passive voice, length, and areas of suspect writing style and/or errors in mechanics.

To determine readability, mission statements were first analyzed according to Flesch-Kincaid Grade Level. The average readability of the total 121 program mission statements analyzed was 15.73, or at just over the 15th grade level. Further, readability means by state are shown in Table 2 and by business program public or private status in Table 3.

Table 3
Business Program Mission Statement Average Readability by Public/Private Status

Orientation	Number	Average Readability	Significance
Public	99	15.85	0.08
Private	22	15.21	
Total	121	15.73	

Readability

Table 2 indicates little variability in mission statement readability by state, with Mississippi and Tennessee with the highest readability at grade 16. Virginia and North Carolina were states with overall business programs with the lowest readability, but at almost the 15th grade level. Also, it is important to note that there was a greater variance in these two states due to the large number of business programs accredited in those particular states.

Again, Table 3 shows that overall, business programs housed in private schools had a lower Flesch-Kincaid grade-level score. There was also statistical difference found at the 8% alpha level.

Table 2
Average Business Program Mission Statement Readability Averages by State

State	Number	Average Readability
Mississippi	5	16.00
Tennessee	9	16.00
Georgia	16	15.99
Kentucky	8	15.99
South Carolina	10	15.88
Louisiana	14	15.87
Arkansas	8	15.79
Florida	12	15.62
Alabama	11	15.59
West Virginia	2	15.53
North Carolina	13	15.49
Virginia	13	14.85

Vocabulary Complexity and Usage of Passive Voice

Relating to readability, which is given as a grade-level, vocabulary complexity was investigated. Table 4 indicates that out of a possible score of 100, the average vocabulary complexity of mission statements was at 71.38. The public and private school difference in this area was miniscule.

In a wide variation between schools on vocabulary complexity, the top five business programs in complexity are listed in Table 5. The top five given in Table 5 are just a small sample, as there were 35 business programs that scored 80. There also were some very low scores in complexity; those five programs with low complexity are listed at the bottom of the table.

The total percentage of passive voice usage is shown in Table 6 and is also broken down by

Table 4
Business Program Mission Statement Average Vocabulary Complexity in Total and by Public/Private Status
(Highest Possible Complexity=100)

Orientation	Number	Average Complexity Measure	Significance
Public	99	71.46	0.45
Private	22	71.05	
Total	121	71.38	

Table 5
Business Program Mission Statements by Most and Least Vocabulary Complexity
(Highest Possible Complexity=100)

Institution	Complexity
Most Vocabulary Complexity	
Auburn University Montgomery (Alabama)	80
Birmingham-Southern College (Alabama)**	80
Samford University (Alabama)**	80
Arkansas State University (Arkansas)	80
University of Central Florida (Florida)	80
Least Vocabulary Complexity	
University of West Georgia (Georgia)	5
Florida International University (Florida)	6
Murray State University (Kentucky)	9
Radford University (Virginia)	14
University of Louisiana at Lafayette (Louisiana)	14

*Note. There were 35 schools with complexity of 80. Also, ** denotes private schools.*

public and private institution. Overall, there is only 11.92% use of passive language overall in business program mission statements in the Southeast. Private business programs have more passive voice writing, but not enough for statistical significance.

Often, passive writing is linked with more length, especially wordiness. Moreover, Table 7 indicates mission statement average length according to the average number of words, sentences, and paragraphs. As shown, the average mission statement in business programs in the Southeast is 66.68 words, or 2.82 sentences, which also equates with approximately two and a half paragraphs.

Table 6
Business Program Mission Statements Average Percentage Usage of Passive Voice by Public/Private Status

Orientation	Number	Average Passive Voice Percentage	Significance
Public	99	10.65%	0.12
Private	22	17.64%	
Total	121	11.92%	

Table 8 is again a rank order table by mission statement length, with Henderson State University in Arkansas with the most words at a count of 340. The shortest mission statement is associated with the Wake Forest University's undergraduate business program at only 13 words.

Table 7
Business Program Mission Statements Average Length in Total and by Public/Private Status

Words	Number	Average Length in Words	Significance
Public	99	67.22	0.38
Private	22	64.23	
Total	121	66.68	
Sentences	**Number**	**Average Length in Sentences**	**Significance**
Public	99	2.77	0.33
Private	22	3.05	
Total	121	2.82	
Paragraphs	**Number**	**Average Length in Paragraphs**	**Significance**
Public	99	2.41	0.28
Private	22	2.77	
Total	121	2.48	

Table 8
Top Five and Bottom Five Statements by Number of Words in Business Program Mission Statements

Institution	Number of Words
Most Lengthy	
Henderson State University (Arkansas)	340
University of South Alabama (Alabama)	292
The University of Alabama (Alabama)	225
Francis Marion University (South Carolina)	209
Clark Atlanta University (Georgia)**	208
Least Lengthy	
Wake Forest University (North Carolina)**	13
University of Montevallo (Alabama)	16
Clemson University (South Carolina)	18
Florida International University (Florida)	20
University of South Carolina Upstate (South Carolina)	20

Note. N=121 mission statements were analyzed. Also, ** denotes private schools.

Table 9
Frequencies of Flags by Type of Error/Concern in Business Program Mission Statements

Type of Flag	Frequency
Paragraph Problem	84
Wordy	43
Passive Voice	41
Overstated	31
Missing Modifier	17
Sentence Variety	16
Subject-verb Disagreement	16
Spelling	15
Capitalization	13
Commonly Confused	12
Incomplete Sentences	11
Punctuation	9
Adjective	6
Idiomatic Usage	6
Object of Verb	6
Noun Phrase	6
Adverb	5
Formalisms	5
Possessive Form	5
Run-on Sentence	4
Jargon	4
Redundant	4
Cliché	2
Hyphenation	2
Article	1
Homonym	1
End of Sentence Punctuation	1
Pronoun/Number Agreement	1
Total Flags	367
Average Flags per Mission Statement	3.07

Note. 121 mission statements were analyzed.

Mechanics

As mission statement length, complexity, voice, and readability are important characteristics in writing to achieve clarity and understanding, the nature of the mechanics is also a crucial factor when it comes not only to comprehension, but also school's image. Therefore, mechanics on 28 different factors was assessed.

Table 9 indicates the number of writing style "flags" that emerged during analysis on everything from subject/verb disagreement to simple spelling errors. As shown, the most frequent error made on the posted mission statements on business program sites was the "paragraph problem." In rankings for second, third, and fourth most frequent errors, subsequently were the wordiness, passive voice, and overstatement. Even easily identifiable errors such as spelling (15 instances of misspelled words overall) and capitalization (at 13 instances of error) ranked rather highly on the listing of flagged errors. As seen in the bottom of Table 9, there were a total of 371 flagged areas of concern per all of the 121 mission statements analyzed.

In the concluding table, business programs were ranked by most and least errors flagged. Again, in Table 10, program mission statements were analyzed by the text posted on the websites of the corresponding Colleges of Business. Of 121 schools analyzed, only 13 business programs had zero items flagged—which were entirely free from error or concern for writing. The schools with the least amount of flags were large state universities, while those top six with the most flags were smaller colleges and universities.

Table 10
Top Six and Bottom 5
Business Programs by Error Flags in Business Program Mission Statements

Institution	Flagged Errors
Most Flags	
Stetson University (Florida)**	33
Henderson State University (Arkansas)	27
University of Alabama at Huntsville (Alabama)	10
Arkansas Tech University (Arkansas)	10
Jackson State University (Mississippi)	10
Murray State University (Kentucky)	10
Least Flags	
Virginia Commonwealth University (Virginia)	0
West Virginia University (West Virginia)	0
University of South Carolina Aiken (South Carolina)	0
The University of Memphis (Tennessee)	0
North Carolina State University (North Carolina)	0

Note. There were 13 schools with zero errors flagged. 121 mission statements were analyzed. ** denotes private schools.

In the concluding table, business programs were ranked by most and least errors flagged. Again, in Table 10, program mission statements were analyzed by the text posted on the websites of the corresponding Colleges of Business. Of 121 schools analyzed, only 13 business programs had zero items flagged—which were entirely free from error or concern for writing. The schools with the least amount of flags were large state universities, while those top six with the most flags were smaller colleges and universities.

Conclusions and Recommendations

Most College of Business mission statements for undergraduate programs seem to be written at a grade level far exceeding the average incoming college freshman (completer of grade 12). Findings herein include the information that the average readability of the business mission statement in the Southeast is 15.7, with a majority of program mission statements written at a grade 16 writing level, the grade level of a college graduate. This brings up the question of for whom is the mission statement written.

The statistical difference between public and private business programs deals with the notion that as private program tuition increases and competition for students is more ambitious, these missions must be written at a lower level to garner greater potential student understanding and attention. In essence, the students want to understand what they should be able to achieve upon graduation from such a program.

Despite this statistically significant discrepancy in readability between private and public business programs, it is interesting to note the lack of difference between these school groupings on all other characteristics, such as length, mechanics, and perhaps especially complexity. Indeed, there was the least difference between public and private schools in the area of complexity due to that particular comparison having the highest p-value of all t-tests conducted on mission statement characteristics.

However, the average mission statement vocabulary complexity overall is a seemingly high (71.38 out of a possible 100). This is interesting to note due to the complex nature of the vocabulary necessary to understand the mission, but is rational considering the high grade level of average statement readability. Surprisingly, however, it would be thought that the 11.92% average percentage of passive voice use in statements would be higher. This quite low number is even lower for public schools at 7% (but again, not enough for a statistical significant difference from private status). Perhaps this is the case due to the proactive, action language for student recruitment reflected by schools' competition for students.

Mission statements overall included an average of 66 words (included in an average 2.82 sentences) and an overall word range of 13 to 340. This seems to not be an outlandish amount of text to describe something from which all program learning outcomes will stem. But, it may be considered quite shocking that since so many business programs have communication as an undergraduate learning goal that so many errors could emerge on an electronic check of spelling and mechanics. Moreover, simple errors in spelling occurred 15 times in 121 mission statements, and no institution had two spelling errors from the same mission statement. That indicates that 12% of mission statements on all College of Business websites involved in the study had a spelling error.

It may well be that the parties responsible for the posting of the mission statements have created some sort of second-hand sloppy editing after mission statements are ratified by business program administration. However, these postings are nevertheless an indication of institutional quality and attention to detail—all qualities important to the incoming bachelor's degree candidate and important to institutional image. In fact, the websites may be the only exposure that incoming students have with the stated mission until it is seen on the syllabus of the first business class. Therefore, business programs seemingly may need to concentrate on the clearness and readability of publicly placed mission statements to gain prospective student attention, but most especially for mechanics, as highlighted by the study. Other areas of possible concentration include the elimination of as much passive language as possible, incomplete sentences, and punctuation. However, it remains to be seen as to whether the Southeast reflects mission statements of the greater nation regarding such characteristics.

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An Approach to Educational Program Assessment and Lessons Learned

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ABSTRACT

Assessment, accountability and strategic planning are all processes that are included in accreditation for colleges and universities. For most colleges and universities, starting the reaffirmation process means identifying current assessment practices and reports from academic units and programs. This paper discusses the lessons learned during the successful completion of the SACS reaffirmation process with regard to assessment. Along with the development of this model, an understanding of strategic planning, inclusion of faculty at all levels and an affirmation of continuous learning and involvement in this dynamic process was attained.

Introduction

Assessment and accountability are at the forefront of accreditation processes for most academic organizations. Hand-in-hand with assessment is the process of comprehensive strategic planning that informs the various organizational units of the vision and direction of the organization. To engage in the assessment process without having long range planning could mean disjointed goals and incomplete data collection. For most institutions, beginning the assessment process means identifying and reviewing what is currently in being done with regard to assessment. This paper discusses the lessons learned during the successful completion of the SACS reaffirmation process with regard to assessment.

Lesson #1: The need for an articulated academic assessment model

Regional accrediting agencies expect an assessment model for educational programs that focuses on assessment of both academic departments and of student learning outcomes. "Because of the current climate, institutional effectiveness and Continuous Quality Improvement (CQI) have emerged as two key initiatives in the assessment and evaluation of administrative units in primary, secondary and postsecondary education (University of Central Florida, May 2008)."

Having one uniform assessment model in use throughout an institution greatly facilitates the gathering and use of data collected for the improvement of both the academic departments' goals as well as student learning objectives. Keeping in mind that information gathered is to be used to improve decision-making and student learning outcomes, an academic assessment model should consider the following: 1) purpose of the assessment 2) data needed 3) data collection method 4) intended audience and 5) inclusion of appropriate faculty and/or personnel (Walvoord, 2004; Aloi, Gardner, & Lusher, 2003)

The development of an academic assessment model at our institution began with a small task force of three faculty members who had expertise in writing student learning outcomes, goals setting at all academic levels and strategic planning experience. Reviewing documentation available from all academic units resulted in a definite need for developing one assessment model for distribution and use by all academic units.

Lesson #2: The need for academic department goals to be linked to the school/college and university strategic plans

It is important for department faculty to become familiar with long range strategic plans at all levels of the institution. To that end, faculty should participate in the design and implementation of the departmental strategic plan by engaging in annual or biannual department planning and assessment. Walvoord (2004) and Aloi, et al (2003) note that departmental goals can serve numerous purposes such as accreditation, disciplinary related functions, industry related use, curriculum revision, and supporting institutional strategic vision.

The review and revision of strategic planning documents at all levels of the university ensued during this reaffirmation process. The university had just been awarded permission for offering of a doctoral level program. This necessitated the revision of the university mission and strategic plan. Academic departments were asked to revise their missions and goals to bring them in line with the revised university mission and goals. Department faculty met continually during the year with the university mission, goals and strategic plan and aligned their departmental mission and goals to those of the university.

This single activity began a discourse about, not only departmental activities, but also about program goals and student learning outcomes, a natural segue into the next step in the assessment process.

Lesson #3: The need for the assessment of student learning outcomes to be aligned with the "standards of the profession" as set by external and/or discipline specific accrediting agencies

Student learning outcomes are statements that describe the skills and knowledge sets that students must have obtained by the end of a program of study. Often these student learning outcomes are found in the standards set by accreditation agencies of the respective discipline. Faculty are key to the development of student learning outcomes because of their knowledge of these skill sets along with program requirements and faculty expectations of students (Palomba and Banta, 2001).

Palomba and Banta (2001) notes that academic departments must have a clear understanding of the purpose of assessment and its direct link to improving student learning and development. Importance is placed on several different areas: 1) how the outcomes are taught, 2) in which course/s they are taught, 3) what data is collected, 4) how results are to be used for planning and decision-making, and 5) how student learning will be enhanced as a result of the assessment process (Guskey, 2000; Palomba, 2001). Bresciani (2006) also notes that results should be able to improve future assessment thus ensuring change and program improvement.

A first example of "standards of the profession" can be found in *The Association to Advance Collegiate Schools of Business* (AACSB) web site. The preamble to AACSB International accreditation states**: "**accreditation focuses on the quality of education. Standards set demanding but realistic thresholds, challenge educators to pursue continuous improvement, and guide improvement in educational programs. It is important to note that accreditation does not create quality learning experiences. Academic quality is created by the educational standards implemented by individual faculty members in interactions with students. Accreditation observes, recognizes, and sometimes motivates educational quality created within the institution (AACSB, 2008).

A second example taken from the *National Council for Accreditation of Teacher Educa-*

*tion ((*NCATE) web site states: "the standards measure an institution's effectiveness according to the profession's expectations for high quality teacher preparation. The education profession has reached a general consensus about the knowledge and skills educators need to help P–12 students learn. That consensus forms the basis for NCATE's unit standards and specialized program standards. The specialized program standards are an integral part of the NCATE accreditation system as they describe the specialized content that teacher candidates should master" (NCATE, 2008).

As faculty discussions about the evaluation of program goals and student learning outcomes ensued, each department was asked to consider reviewing the appropriate accreditation standards for their discipline. This exercise provided valuable insight to some academic areas that had not reviewed changes in accreditation standards.

Lesson #4: The need to standardize the assessment process

The most difficult issue surrounding the assessment process at our institution was discovering the nature of assessment that was already in place throughout academic units. Differences in assessment timeframes, documentation records, formatting of the documentation, data collection methods, and individuals tasked with the process supplied the task force the necessity of standardizing the assessment process for all units. Faced with such diversity of information, the task force developed a standardized assessment process that would be presented to the Deans and Chairs in Academic Affairs. Standardized reporting forms allowing the assessment process to flow from the departmental level to the program level were developed and tested with two departments and programs.

When presented to the Deans and Chairs of the Academic Affairs division, much of the discourse was with the technical skills of writing student learning outcomes and departmental goals. All individuals embraced the standardized forms as a straightforward method for achieving the assessment information necessary by each unit.

Lesson #5: The need to empower the talent within

Luna and Cullen, in their article *Empowering the Faculty: Mentoring Redirected and Renewed*, maintain that at the university or college level, both quality improvement and empowerment of faculty together result in faculty employing their special expertise and abilities to their professional responsibilities and encourage their professional development. This same concept has been applied by businesses to improve and develop the value and achievement of individual employees as well a business' efficacy (Luna & Cullen, 1995).

At our institution, the task force of faculty developing the assessment model had extensive expertise and knowledge in developing department and program goals, writing student learning objectives, writing assessment procedures and training individuals on each. In addition, the task force had credibility among their peers thus allowing the group to "hit the ground running" as ideas flowed easily about the type of assessment models and data collection processes needed.

As faculty in the different academic units were taught or reacquainted with the process of writing student learning objectives and program goals, the task force became mentors to these faculty who then mentored other faculty in these processes. A small group of individuals can start a process, but it can only be maintained with the assistance of others who are mentored in that process. Allowing individuals to become empowered strengthens the process considerably and encourages inclusiveness.

Lesson #6: The need to speak the same assessment language

Just as the automotive business is striving for a global strategy for the success of their industry, so must post-secondary institutions strive to speak the same language within their organization. In 2008, the health data management arena , two work groups-the Networks Work Group and the Records Work Group-were funded by the Department of Health and Human Services to seek industry consensus on the definitions and use of medical record terms (Goedert, 2008). The need to speak the same language isn't unique to education; all disciplines must come to a consensus on the use and definition of terminology specific to their area.

Upon reviewing the assessment practices in place at our institution, it became glaringly obvious to the task force that the diversity of submissions from the academic units also contained a variety of understandings on the use of assessment terminology and criteria. Faculty were using terms interchangeably with totally different definitions for the same terms. What one unit called a student learning outcome might be called a student objective or a student goal in another unit. Therefore, among the first order of business was the development of a glossary of assessment terms that standardized terminology and definitions institution-wide. This glossary of assessment terms was disseminated to all faculty, department chairs and deans for their use in the assessment process. This glossary became a dynamic document that was revised as new terms were encountered.

Lesson #7: The need to create standard reporting forms

Once an appropriate assessment model was developed and approved and in consultation with the institutional effectiveness unit and academic department chairs, the task force proceeded to standardize the reporting forms for the 1) assessment of an academic department and 2) assessment of student learning outcomes.

Academic Department Assessment

With respect to academic department assessment forms, three standard documents were created. The first document became known as the *Department Mission and Goals* form. In this form, departments were asked to provide their department name, the mission statement of the department and their annual goal(s). Academic departments were asked to link their department goals to the school/college goals, division goals, and institutional goals as found in the university strategic plan.

The second document, known as the *Annual Department Plan* form included a brief summary of the first form and a more detailed delineation of each annual goal by objectives, activities for each objective, timeline for completion of the objective, individual faculty responsible for its oversight, resources needed, expected outcomes and means of assessment for each activity.

The third and final document was the *Annual Academic Department Report* form. This form specifically described the activities performed by departments to complete each objective and goal. Also included in this report was the description of outcomes, assessment criteria, analysis of results and recommendations for improvement. This information provided not only the faculty but the Dean of the school/college and the Vice President for Academic Affairs with information on progress and the use of assessment results for decision making and improvement of academic departments.

Assessment of Student Learning Outcomes

With respect to the assessment of student learning outcomes, two documents were created. The first document, known as the *Program Student Learning Outcomes* form, contained the program name, the program mission statement (where appropriate), the program student learning outcomes, a curriculum mapping of the student learning outcomes, and the intended student learning outcomes to be assessed during the designated assessment period. The outcomes selected for assessment were described in terms of action steps to achieve the intended outcome as well as a detailed description of assessment methodology. The assessment methodology included assessment measures, criteria for success, timetable for completion, responsible faculty, resources required for completion, target population, and where appropriate, linkage to the general education core competencies.

Upon completion of the designated assessment period, the second document, *Student Learning Outcomes of Program Assessment Report* form was to be completed. The assessment period for our institution was every two years allowing for a rich collection of data. This report included a summary of the assessment results of the intended outcomes, a description of the assessment methodology that was followed in addition to recommendations and use of results for improvement. These recommendations were to be provided thus "closing the loop" which is key to any assessment process and certainly to the assessment expectations of accrediting agencies.

Lesson #8: The need to teach others continuously

It is interesting to note that throughout the developmental work of the task force, it was necessary to keep colleague faculty, chairs and deans informed and involved in the process. Although terms and processes were clear to the task force, they were not as clear to others when implementation of the assessment model began. Thus, a continuous training component was required to teach others exactly what and how the assessment process should be implemented. While it had not been the intention of the task force to teach others in the writing of mission statements, writing measurable objectives, creation of activity statements, and teach assessment methodology, it was quickly recognized that for this assessment model to succeed, continuous training, sample documents and professional development on assessment was needed. Faculty with expertise in specific areas was assembled and a training module was soon developed along with Web resources and assessment handbooks. The task force became mentors to other faculty who then mentored additional faculty in these processes. The success of this assessment model for our university was due to the inclusiveness of many in the process.

Summary

Faced with reaffirmation of accreditation, our institution found itself taking a good look at its assessment procedures for its academic programs. Understanding that such procedures should encompass both the assessment of academic departments as well as that of student learning outcomes by degree program, the task of designing a model that would standardize the process in terms of timelines, documentation, and assessment vocabulary became a priority. Along with the development of this model, an understanding of strategic planning, inclusion of faculty at all levels and an affirmation of continuous learning and involvement in this dynamic process was attained.

Another benefit of this model was that the design was flexible enough to be incorporated into the total institutional assessment plan.

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Productivity of Management Accounting Faculty

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ABSTRACT

This study utilizes survey data collected from accounting professors teaching in AACSB accredited programs. The specific purpose of the paper is to explore the productivity and research perceptions of the respondents who identified themselves as cost/management accountants. Previous research was used to frame this study and increase its usefulness. We found substantial differences in productivity that can be partially explained by gender and the highest degree offered by the professors' school. We also found that journal rankings are substantially different when academic and practitioner perspectives are used to frame the ranking exercise. Widely recognized journals were perceived as more useful than subject specific journals by this group of professors.

Introduction

The importance of journal quality to academics is demonstrated by the considerable body of literature concerning their perceptions of journals. One of the most oft-cited rational for judging the quality of publication records relates to tenure, promotion, and merit decisions [Benjamin and Brenner (1994), Jolly et. al. (1995), Jull and Wright (1990), Hasselback et. al (2000)]. The underlying premise is that the quality of the applicant's research can be judged by the quality of the journal in which it is published. Thus, journal rankings become increasingly important to committees further removed from the applicant's department, or to the decision makers at any level who are not familiar with the comparative quality of journals in the applicant's specialty.

This study was designed to consolidate four recurring methodologies for journal and productivity studies into one study for the first time. These perspectives are: (1) using the Journal of Accountancy as a benchmark, (2) advancement of knowledge, (3) value from an academic perspective, and (4) value from a practioner perspective. The purpose was to develop a more comprehensive understanding of the productivity of management accounting professors and to gain a current assessment of the perceptions held by those professors regarding their research outlets.

Journal Ranking and Faculty Productivity Literature

Serious research into the perceptions of academics regarding journal quality can be traced back to Accounting Review's publication of Benjamin and Brenner (1974). Since that time it has become accepted that publication in "high quality" journals is the essential component for promotion at school accredited by the Association to Advance Collegiate Schools of Business (AACSB). In light of this trend it is especially important to carefully examine the current value of research into journal rankings because many journals bridge several specializations within our subject. For example, The Accounting Review is a high quality overall academic publication but as a result of its broad mandate it is unlikely to be of interest to a general practitioner of management accounting even though it contains significant management accounting research.

The Brenner and Benjamin (1974) study in The Accounting Review started with a note that "accounting departments in major schools appear to be increasing their emphasis on research and publication." Brenner and Benjamin studied the perceptions of 200 accounting faculty drawn from AACSB schools. This research highlighted that AACSB administrators were now using publications as a significant criteria for promotion and stimulated two distinct foci of investigation over the last 30 years. The first was to look at publication and research productivity by type of school. The second was to expand journal quality research by looking into perceptions by specialty sections within the academic accounting community.

Publication and Research Productivity

Accounting professors within the AACSB community belong to schools having a variety of missions. It is reasonable to assume institutional affiliation will influence a professor's perception of journal quality. Campbell and Morgan (1987) built upon Benjamin and Brenner's work by examining publication quality in terms of promotion decisions from data collected from 248 respondents. Milne and Vent (1987) also did a similar study. These works were criticized for failing to account for the variety of institutional missions. Schroeder, Payne, and Harris (1988) examined journal quality in terms of 3 groups: top 21 publishing departments, other doctoral programs, other AACSB schools. They demonstrated significant differences in the number and quality of publications needed for tenure between these groups from the 193 responses they received. Jolly, Schroeder, and Spear (1995) produced a thorough update of this study based on data from 389 respondents. Their study showed that differences were widening in terms of publication numbers and perceptions of quality.

The previously noted surveys emphasize how practitioner oriented journals have become less important to professors at top tier schools. This has been accompanied by the development of a large spread in salaries earned by AACSB accounting professors. According to the AACSB, the 10th percentile salary for a full professor at a public school was $76,800 and at the 90th percentile was $141,200 in 2001. By 2008 this had risen to $92,300 and $186,500; a spread increase of 80% to 100%. Market forces are therefore supporting the more competitive research market by rewarding the top researchers with a much faster rate of salary growth (32%) than less productive researchers (20%). Since both ends of the spectrum are getting impressive adjustments, it is possible to lose sight of the increasing salary spread.

Perceptions of Accounting Specialties

Howard and Nikolai (1983) ranked journals in terms of utility for promotion based on the 232 responses they received with the Journal of Accountancy as a relative reference point. This method was an important breakthrough. Because many accounting journals serve several, or all of the specialty sections, a separate list of journals was not created for each section. An interesting outcome from this approach was that none of the management accounting specialty journals managed to displace the senior inclusive journal in terms of importance. When Hull and Wright (1990) built on this research by using responses from 229 professors listed in the Hasselback Directory, notable shifts occurred within the Management Accounting (MA) section. Brown and Hueffer (1992) used a similar ranking method, but reduced the focus to professors in leading MBA programs. Their study reinforced the previous findings documenting the rise in importance of some newer journals.

An important parallel discussion to research journal quality is the evaluation of professor productivity. Within the AASCB community, research is often the single most important factor in a promotion and salary decision. According to Cargile and Bulitz (1986) research had become twice as important as teaching and five times as important as service in these decisions. The recent work of Hasselback, Reinstein, and Schwan (2000) indicates the research emphasis on publication productivity has continued and perhaps increased. Given the importance of research, a comprehensive understanding of what constitutes quality in a professor's research is needed. The troublesome aspects of the assessment of research quality include: productivity in terms of quantity, relative journal quality and global issues. These issues will be discussed in the following pages.

For many decades counting publication "hits" been the most consistently used measure of productivity. However, recent literature suggests that most faculty members produce very little publishable work. In 1995, Zivney, Berton and Gavin found that only 5% of professors at doctoral institutions had ever published in their list of 48 "top" journals. Do these authors have a list or is it "a" list or "the" list of top journals? Recently, Hasselback, Reinstein, and Schwan (2000) found that 57% of the accounting faculty listed in the Hasselback Directory had no "hits" or only one "hit" from their list of top 40 journals. These examples of limited productivity demonstrate there is a gap in the perceived expectations and the actual behaviors that make up the evaluation of accounting faculty.

The results from previous "counting" studies contradict the trend regarding promotion requirements. When considering faculty promotion Schultz, Meade, Khurana (1989) found that research is given an average weighting of 56%. This reinforced the difference between workload and promotion criteria noted by Campbell and Morgan (1986). While updating the previous studies, Englebrecht, Iyer, and Patterson (1994) found that the publishing expectations required for promotion to full professor had tripled. They also found that a managerial professor required significantly fewer publications to achieve associate status (5.66) than an audit professor (6.71) or a tax professor (7.86). An important development in the "counting" literature has been the concept of productivity. Maranto and Streuly (1994) have suggested this concept replace simple counting of papers. More recent work, such as a study by Rama, Rama and Raghunandan (1998) have started to incorporate the notion of productivity into the requirements for promotion.

Productivity studies are not confined to the specialty of accounting and the perception of what are top journals. Examples of important, parallel research in other specializations include Alexander and Mabry (1994) in the area of finance and Hull, Neese, and Bashaw (1997) in marketing. The trend toward interdisciplinary research has not yet formally impacted the structure of productivity studies. Christensen, Finger and Latham (2000) noted that publishing articles outside of top accounting journals is now significant for junior faculty. They also found that the proportion of publications in non-accounting journals increases as a career progresses. It is true, however, that whilst becoming more interdisciplinary, accounting research is not becoming more global. Studies by Lukka and Kasanen (1996) and Nobes (1985) have found that while North American journals are highly regarded globally, there is little cross referencing between North American research and European research. Ballas and Theoharkis (2002) showed that this gap has continued to grow.

An alternative to counting publications that is frequently suggested is to count citations. For centuries, the legal community used citations to ensure consistency in the application of law and to tie new situations to important cases of the past. Development of the Social Science Index and the Accounting Literature index provide evidence that citations are important to academic research as well. Sandison (1989) and MacRobert (1996) have argued that citations are evidence of information exchange and therefore highlight the importance placed on the research. On the negative side, Brown and Gardner (1985) developed a list of criticisms about citation research. They were concerned, for example, that negative and positive citations are given equal weight, perfunctory citations are not excluded, and self citations cloud the usefulness of citations when considering productivity.

Recently Fleet, McWilliams, and Siegel (2000) addressed citation concerns by suggesting that formal journal rankings be utilized for the purpose of weighting various citations. A comprehensive citation review of Canadian business scholars was prepared by Erkut (2002). That study demonstrated how raw citation data can be used to support radical ideas about the opportunities for advancement in an academic career. This proved so controversial that the Canadian Journal of Administrative Sciences felt it important to publish a review by a prominent Canadian Dean (Vishwaneth, 2002). Citations remain inherently attractive and the controversy over how to use them to evaluate research will continue for some time to come.

It is clear that some theoretical development is needed to tie the studies concerning journal quality and research together. Maranto and Struely (1994) have taken some initial steps towards building a theory of quality of research. More recently, Hasselback, Reinstein and Schwan (2000) have proposed a comprehensive model of benchmarking researcher productivity. Reinstein and Calderon (2006) of Wayne State University built on this work and proposed a model for ranking and assessing quality. In all three models, journal quality is a significant variable which increases the importance of journal ranking studies. One important gap in the literature is the absence of studies that explore the impact of research on practitioners or practitioner perspectives on research outlets. All the studies are limited by small samples, but this is offset by the number and frequency of studies demonstrating similar findings.

A New Survey

This study is based on a survey of accounting faculty from AACSB accredited accounting programs conducted in the summer of 2002. In May 2002, the survey was sent to department chairs with the request that they distribute it to professors in their department. In July, a follow-up letter sent to schools that had failed to provide at least a single response was successful in increasing the response rate. From the total of 205 responses, completed surveys from 37 professors that identified management accounting as their specialization, were used for this paper.

The survey was designed to be consistent with the ranking method used by Howard and Nikolia in 1983. Specific information about each respondent's rank, school, and productivity was collected. We also asked respondents to rank each of 50 journals in relation to the Journal of Accountancy assuming it has an academic value of 100. A copy of the survey instrument can be obtained from the corresponding author. The survey was initially tested on the accounting faculty at the University of Nevada Reno and selected others. Comments from these colleagues resulted in the addition of several journals and refinement of question semantics. Results from the test group are excluded from the study results.

This study did not test the validity of respondent awareness of journals. Hull and Wright (1990) did this by inserting several well named but non-existent journals into their study. Unfortunately they had to note that many respondents declared they were very familiar with the "dummy" journals. Knowledge of this phenomenon highlights the need for repeated studies and for caution when using the results where they deviate significantly from previous studies.

Initial analysis of the full sample of respondents was reported first at the Oxford Business and Economics conference (Kerr, Simkin, Mason, 2007) and subsequently in the Journal of College Teaching and Learning (Kerr, Simkin, Mason, 2009). The responses of those who indicated that their specialization was Accounting Information Systems were published separately (Simkin, Kerr, Mason, 2006). This paper completes the analysis of the data collected from the survey. The following tables outline the composition and demographics of the management accounting respondents. Almost all of the respondents worked for institutions offering a graduate degree.

TABLE 1
Academic Rank and Highest Degree Offered

Rank	Bachelor	Masters	Ph.D.	Total
Assistant	0	5	8	13
Associate	0	6	2	8
Full	2	10	4	16
Total	2	21	14	37

Table 2 presents the respondents in terms of gender and time from Ph.D. The figures indicate the sample contained a disproportionate number of male respondents. The small distribution limits the significance of the substantial differences in male and female productivity amongst this group.

TABLE 2
Gender and Years From Ph.D.

Years	Male	Female	Total
1-5	6	3	9
6-10	5	3	8
11-15	3	1	4
16+	14	2	16
Total	28	8	37

Findings

Table 3 describes article production of the respondents in terms of time from Ph.D. and number of career articles. This data confirms / illustrates that professor productivity continues to be impacted significantly by the school a professor is associated with, years from Ph.D., and by gender. Journal ranking also continues to make small but important shifts with time.

This analysis revealed substantial differences in productivity. The grey center-line represents the fairly common expectation of 1 paper per year. The graph illustrates that for every professor that met this expectation, two professors failed to do so. There is also some basis for speculation that with some professors, the number of papers per year declines as time passes, because they pursue progressively higher quality projects. Data was not collected in enough detail to determine how often gaining tenure damages productivity versus a shift to larger, more time consuming projects, which reduces the rate of "hits." The following table reveals publication productivity in terms of gender and years since Ph.D.

This analysis reveals a substantial gender bias. The results are more startling if the sole, unusually productive female professor in the 11-15 year cell is excluded. The productivity of male faculty is more than twice that of female faculty in the first ten years from Ph.D. A bias in promotion rates or criteria must be considered, given this substantial difference. This finding is significant because it confirms the work of Dwyer (1994) who found a similar gender bias in a large sample of professors who earned their Ph.D.'s in 1981.

This concern was followed up by investigating productivity by the highest degree offered by a respondent's school.

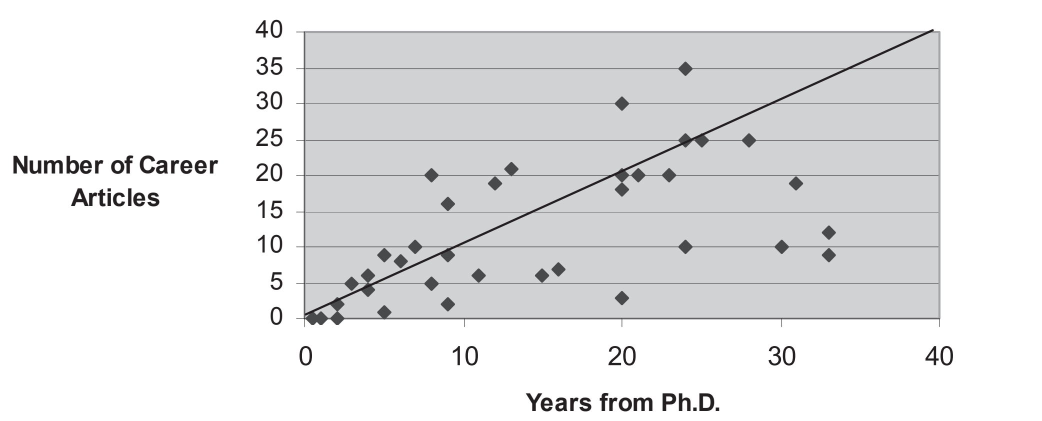
TABLE 4
Productivity by Years

Years	Male	Female	Total
1-5	1.0	0.4	0.8
6-10	1.5	0.6	1.2
11-15	0.8	1.62	1.0
16-20	0.8	0.0	0.7
21+	0.8	0.6	0.8
Total	1.0	0.6	0.9

TABLE 5
Productivity by Highest Degree Offered

Rank/ Mandate	Bachelor	Masters	Doctoral	Total
Adjunct	0.0	0.0	0.0	0.0
Assistant	0.0	1.0	0.7	0.8
Associate	0.0	1.3	1.1	1.2
Full	1.0	0.7	0.8	0.8
Total	1.0	1.0	0.8	0.9

TABLE 3
Career Articles Since Ph.D.



The results of this table are positive. Those who achieve tenure are the most productive, presumably because of the motivation to achieve full professor status. Those at schools with doctoral programs appear less productive, but this was explained by several comments concerning pressure to submit research to the most competitive journals. It is encouraging to see that full professors remain productive despite substantial popular opinion to the contrary.

On an overall basis, it is disconcerting to see that the current management accounting group contains a significant number of professors who do little or no publishing. This result is consistent with the findings of Zivney, Berton, and Gavin (1995). Perhaps this explains the huge variation of accounting professor salaries in the 2008 AACSB survey noted earlier. What remains unexplained is why, having made the substantial investment in a Ph.D., a professor would not engage in research. The financial consequence of this behavior is staggering and it would be useful to investigate what factors, economic and otherwise, contribute to this perplexing state of affairs.

Table 6 shows respondents ranking of the 50 top accounting journals listed in the study. While there were some differences with other studies, the cost/management accounting group as a whole did not place high value on journals specializing in their subject. Rather, their rankings reflect a tendency to prefer journals with a broad mandate. The value reflected in the table is the average score given by the respondents who were asked to assign a value to the listed journals given that the Journal of Accountancy had an academic value of 100.

Respondents were also asked to evaluate each journal in terms of advancing knowledge in the field in two ways by assigning a Likert-type score to each of the 50 listed journals. First, by evaluating how well the journal advanced knowledge of the field from an academic perspective. Second, by evaluating how well the journal advances knowledge of the field from a practitioner's perspective. In every case, the journals were given a high average academic value. While the sample was not large enough to provide strong statistical analysis, the gap in these values decrease substantially from the top ten journals to the bottom ten. Since the advancement of knowledge is of no practical use without application by practitioners, it seems editors face a difficult task. To the extent researchers believe editors discount a practitioner perspective, an undesirable incentive is introduced into the research process; Research productivity then requires the ability to create abstractions that are not necessarily expressed in practical terms.

The only pure management accounting journal to make the top 15 from this perspective, is the Journal of Management Accounting Research. This is a relatively new journal and was not listed in previously published ranking studies. It is noteworthy that the Management Accounting Quarterly was not rated in the top 15. This Journal, which is the research flagship of the Insti-

TABLE 6
Comparative Lists of the Top 15 Journals.

Rank	Jounral Name	Value
1	Journal of Finance	528
2	Journal of Financial Economics	520
3	The Accounting Review	480
4	Journal of Accounting and Economics	477
5	Journal of Accounting Research	455
6	Contemporary Accounting Research	393
7	Accounting, Organizations and Society	377
8	Journal of Finance and Quantitative Analysis	370
9	Management Science	347
10	Journal of the American Taxation Association	340
11	Journal of Business	325
12	National Tax Jnl	324
13	Journal of Accounting, Auditing and Finance	316
14	Journal of Management Accounting Research	282
15	Journal of Accounting and Public Policy	292

tute of Management Accountants, has failed to make an impact on this aspect of the academic community. In fact, many theoretical journals which practitioners would be unlikely to open were rated much more useful from a practitioner perspective by the academics. Management accounting researchers have a clear preference for high quality comprehensive journals than for subject specific journals.

The sample was not large enough to make meaningful statements about how the school mandate and academic rank alter perceptions of a journals quality. Knowledge of these perceptions would be especially useful to those entering the academy. Table 7 ranks the journals based on the number of respondents that placed a journal in their top 3.

These results reveal significant differences than the rankings shown in Table 6 and raise some important questions about ranking methodologies. In terms of ranking, six journals are replaced. This method also brings well known Journals that specialize in management accounting into the top 15. The importance of the Journal of Accountancy and The CPA journal are also more evident. The frame of reference makes a difference to the respondent's reactions to a list of journals. A similar bias may also be present if applied to practioners. Very little work has been done to test the cognitive differences introduced by the various frames of reference of ranking studies. Until a common frame of reference is established, further enhancements of ranking studies may be limited. As researchers investigating this subject learn to be more explicit about these influences, the impact of this research will help journal editors, content providers, and readers make a more consciously refined decision.

Summary and Recommendations

The academy exists in a dynamic environment and has an obligation to remain current and even lead professional practice. This necessitates a dynamic response to journal ranking. This study integrated four previous perspectives that have been used independently in previous studies. The combination of a benchmark against the Journal of Accountancy, role in advancing knowledge, usefulness from an academic perspective, and usefulness from a practioner perspective generated richer data for analysis. Subsequent studies will hopefully build on this approach and be able to shed more light onto the work of Management Accounting Professors at AACSB schools.

Accountability of professors and their schools can only be provided in terms of current benchmarking information. Recurring studies into perceptions of journal quality and productivity are necessary. Competitive expectations of uni-

TABLE 7
Journal Ranking by Top 3 Scores

	Journal Name	Top Three	Rank Table 6
1	The Accounting Review	32	3
2	Accounting Horizons	32	2
3	Accounting, Organizations and Society	31	7
4	Issues in Accounting Education	31	24
5	Journal of Accounting and Economics	30	4
6	Journal of Accounting Research	30	5
7	Contemporary Accounting Research	30	6
8	Journal of Management Accounting Research	30	14
9	Journal of Accountancy	30	42
10	Management Accounting	28	29
11	The CPA Journal	28	44
12	Auditing: A Journal of Practice and Theory	26	16
13	Behavioral Research in Accounting	25	19
14	Journal of Accounting, Auditing and Finance	24	13
15	Journal of Accounting and Public Policy	24	15

versities, changes in journal management, and progression by professors all mean that any study has a short life expectancy. Replication studies have the added benefit of reinforcing and confirming changes as they emerge. It is hoped, that as the perceived leading journal for management accounting, JAMR will take up the challenge of commissioning a study like this every four years or so. Obviously, many groups are interested in this sort of study, and without some legitimization, useful information may be nearly impossible to gather. Some respondent exhaustion was encountered in comments about having been recently approached with similar requests. Those comments add to the concern that a large sample size may be difficult to obtain unless the process is standardized by a journal or other authority.

Journal rankings can also be important to individuals. A number of scholars, [Ballas and Theoharakis (2002), Alexander and Mabry (1994), Hull and Wright (1990), Fleet et. al. (2000)] point to the usefulness of these rankings as guides that can help junior faculty decide where to publish their research. According to Van Fleet (2000) rankings can also help individuals decide where to send a paper that been rejected from a high-ranking publication outlet. Of course, this influences subscription decisions according to Alexander and Mabry (1994). Another specific use of rankings is feedback to editors about the perceived quality of their journals, and therefore useful feedback about their publication goals. Holt (1997) notes, that formal ranking of journal quality can serve as a "reasonable defense" in grievance proceedings involving the denial of tenure or promotion.

One final observation is that differences in journal quality between the academic and practitioner perspective are high. Some of the top journals achieve close and high scores from both an academic and practitioner perspective, however others do not. It is troubling that a high ranking academic journal can score poorly from a practitioner perspective. The perceptions about how knowledge is advanced need to be articulated carefully. Should a high ranking journal not be a forum for both the practitioner and academic communities? An important argument for attending a top business school is that students graduating from these schools have a competitive advantage due to early access to leading research. Surely the best way the academy can serve the business community, is to ensure all the best research is framed to advance knowledge in both the academic and the practitioner perspective.

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Examining the Competitive Strategies of Public Universities in North Alabama

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ABSTRACT

In light of decreasing state funding and a decreasing pool of potential students, university administrators are faced with increasing competition for resources and students. This study examined the efforts of public universities in north Alabama to compete using Porter's generic strategies of cost leadership, differentiation, and focus. We collected information from each of the university's website to examine their strategies. Information from the presidents' messages, strategic plans, and other materials used to attract potential students to the university was reviewed. Our findings indicate that most of the public universities in north Alabama use the differentiation and focus strategies as their primary strategies to highlight their unique strengths and to attract potential students.

Introduction

Public institutions of higher learning have experienced dwindling state funding and a decreasing pool of potential students (Fincher, 2002; Lynch & Baines, 2004; Maringe, 2006; Stock, 2008; U.S. Department of Education, 2006). Furthermore, funding for higher education has continuously been losing priority and public support due to the intense desire of taxpayers for immediate tax relief. These institutions of higher learning are continuously seeking ways to manage the ever-increasing costs of providing quality higher education but with little success (Bandyopadhyay & Lichtman, 2007; Michael, 1997). In addition, public higher educational institutions face fundamental and unprecedented competitive pressures. They have increasingly been competing against one another for the best students, the highest quality staff, and funding from governments and other sources (Kogan, 2003; Gater, 2001). In light of these challenges, sustainable competitive advantage has become an essential element for successful performance of institutions of higher learning. Researchers have long argued that institutions outperformed others because they employed competitive strategies that were more suitable for their operations and environments. The aim of this research is to examine the competitive strategies used by the public universities in north Alabama. Specifically, which of the public universities in north Alabama use cost leadership, differentiation, or focus strategy to compete?

Porter's Generic Competitive Strategies

The competitive advantage of an organization hinges on the value it creates for its customers, either in terms of low prices or in terms of unique benefits. Porter (1985) identified "three generic strategies for achieving above-average performance in an industry: cost leadership, differentiation, and focus" (p.11). Cost leadership is achieved when an organization becomes a low-cost leader in the industry. Organizations that pursue a strategy of cost leadership seek to outperform rivals by producing goods or services at a lower cost. Kling and Smith (1995) state that, "there are two potential advantages of this strategy. First, due to its lower cost structure, the cost leader [could] either charge a lower price than competitors and still make the same profit, or charge the same price as competitors and make a higher profit" (p.27). However, it has to produce a product that is comparable or acceptable to customers. An implication of the cost leadership strategy for colleges and universities is that they have to pursue cost-reduction opportunities that did not sacrifice value and reputation (Card and Card, 2007).

Organizations that pursue a differentiation strategy seek a competitive advantage through creating products or services that are perceived by customers as being unique and for which they are willing to pay premium prices. In a differentiation strategy, a firm "selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs" (Porter, 1985, p.14). Kling and Smith (1995) argue that "successful differentiation provides the company with two primary advantages that flow from the perceived uniqueness of its products. First, the company is able to charge a higher price for its products or services, often with an accompanying higher margin. Second, customers willing to pay more for unique products are often more loyal because their purchase decision is based more on perceived quality than on price" (p.27). They added that "achieving successful differentiation requires clear understanding of customer needs and investments in the capabilities necessary to meet those needs" (p.27). In the education industry, students choose a college for a number of reasons, including accreditation, specific degree or licensure program, reputation, successful athletic program, college ranking, campus environment, etc. The general idea is to select area(s) in which the institution can distinguish itself. Such uniqueness is rewarded with a premium price or more revenues through a variety of schemes, including increased enrollment, donations, and research projects (Card and Card, 2007).

Focus strategy is one in which "the focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others" (Porter, 1985, p.15). The focuser concentrates on a niche segment of the industry with the intention of gaining a competitive advantage in that segment primarily. The intention is not necessarily to achieve an overall competitive advantage in the industry. There are two types of focus strategies – focused low cost and focused differentiation. These are combination strategies in which focused low cost "exploits differences in cost behavior in some segments" and focused differentiation "exploits the special needs of buyers in certain segments" (Porter, 1985, p.15). Thus, a focuser concentrates on the "unusual or specialized needs of particular segment of a potential market and then develops a cost leadership strategy or a differentiation strategy to meet consumer needs" (Card & Card, 2007, p.466). In this study, we examined which of these competitive strategies are being used by the public four-year institutions in north Alabama.

Methodology

According to Thompson et al. (2007, p. 7), "the best indicators of a company's strategy are its actions in the marketplace and the statements of senior managers about the company's current business approaches, future plans, and efforts to strengthen its competitiveness and performance." To determine each university's strategy, we collected information about them primarily using the website of each university and other sources. We examined their profiles, reviewed the presidents' messages, their strategic plans, and information provided to potential students regarding admissions and academics. This information was collected between December 2008 and September 2009.

North Alabama Institutional Profile

Tables 1 to 3 were compiled using data from the Alabama Commission on Higher Education (ACHE) for the public four-year institutions in north Alabama: Alabama A&M University (AAMU), Athens State University (ASU), University of Alabama in Huntsville (UAH), and University of North Alabama (UNA). Table 1 provides enrollment data for each university. Table 2 gives the tuition and required fees by student type and the financial aid recipients. Table 3 shows the retention rates and the types of degrees awarded. The demographics gave some indication of their general similarities and differences. The majority of the students enrolled at these universities are Alabama residents. All of the universities except UAH have more female students than male students. AAMU has a predominantly African American/Non-Hispanic student population. ASU has the lowest tuition for both in-state and out-of-state students, while

Table 1
Enrollment Data for the Public Four-Year Universities in North Alabama

		STATE	AAMU	ASU	UAH	UNA
Enrollment	Total	149,301	5,430	3,328	7,431	7,206
Gender	Male	63,131	2,416	1,102	4,014	3,206
	Female	86,148	3,014	2,226	3,417	3,997
	Unknown	22	-	-	-	3
Race/ Ethnicity	African American/ Non-Hispanic	36,792	4,984	394	1,006	730
	White/Non-Hispanic	97,245	238	2,721	5,360	4,660
	Other Races*	15,264	203	213	1,065	1,816
Level	Undergraduate	118,338	4,514	3,328	5,914	5,920
	Graduate	30,963	916	-	1,517	1,286
Status	Full-Time	110,736	4,012	1,462	4,857	5,234
	Part-Time	38,565	1,418	1,866	2,574	1,972
Undergraduate	In-State	93,859	2,841	3,179	5,135	4,382
	Out-of-State	20,137	1,512	70	592	686
	Non-Resident	4,342	161	79	187	852
Graduate	In-State	20,421	666	-	1,140	586
	Out-of-State	5,422	148	-	160	227
	Non-Resident	5,120	102	-	217	473
Origins of All Students	Florida	3,672	65	2	38	59
	Georgia	9,550	364	3	57	43
	Mississippi	3,484	53	-	23	378
	Tennessee	2,957	110	108	380	462
	Other US States and Territories	12,172	1,069	18	381	214
	Non-US	6,228	156	2	469	1,081
	From Alabama	111,238	3,613	3,195	6,083	4,969

*Other Races includes Native Hawaiian/Pacific Island, American Indian/Alaskan Native, Asian, Hispanic, Non-Resident Alien, Multiracial Designations, and Unknown/Not Reported.

Source: ACHE Institutional Student Profiles Fall 2008, www.ache.alabama.gov.

UAH has the highest tuition. All of the universities except ASU offer graduate programs, while AAMU and UAH also have doctoral programs.

From this profile, AAMU seems to be concentrating on a specific segment of the student population, suggesting that the institution is employing a focus strategy. Its distinction as a historically black university contributes to 92 percent of its student population being African American. Also, it is unique among the four institutions in being the only land-grant university in the region. The profile of ASU suggested that it is employing a focus strategy. It does not have freshman and sophomore-level classes, and has developed its educational programs to appeal specifically to junior and senior level students, as well as part-time students. Also, its lowest tuition rates seem to suggest that it is using focused cost leadership strategy. UAH's profile suggests that

Table 2
Tuition & Financial Aid Data for the Public Four-Year Universities in North Alabama

		STATE	AAMU	ASU	UAH	UNA
Undergraduate	In-State	-	$4,930	$4,050	$5,216	$5,093
	Out-of-State	-	$9,220	$7,350	$11,024	$9,203
Graduate	In-State	-	$5,882	na	$6,548	$5,165
	Out-of-State	-	$11,114	na	$13,466	$9,485
Financial Aid	Received	89,314	4,961	1,590	3,990	3,860
	Not Received	59,987	469	1,738	3,441	3,346

Source: ACHE 2007/2008 Annual Tuition and Required Fees, Alabama Public Senior Institutions and Institutional Student Profiles Fall 2008, www.ache.alabama.gov

Table 3
Retention & Completions Data for the Public Four-Year Universities in North Alabama

		STATE	AAMU	ASU	UAH	UNA
Retention	1st Time Degree-Seeking Freshmen	74%	71%	-	75%	59%
Summary of 2007-2008 Completions	Total Degrees Conferred	27,502	914	767	1,278	1,327
	Baccalaureate	18,131	631	767	889	845
	Post Baccalaureate	46	-	-	29	-
	Master's	7,439	256	-	322	465
	Post Master's	459	2	-	1	17
	Doctoral	748	25	-	37	-
	1st Professional	679	-	-	-	-

Source: ACHE Institutional Student Profiles Fall 2008, www.ache.alabama.gov

it is using a differentiation strategy. Its deep focus on research seems to attract students that perceive its degree offerings and research opportunities as being premium, resulting in their willingness to pay a premium price for its educational services. Although UNA's profile does not indicate a specific targeted student segment, it has a large percentage of Non-U.S. students (48%), possibly as a result of its emphasis on international studies. This could be interpreted as a deployment of the focus strategy.

Presidential Messages

The president's message is usually a note to welcome people to the website, invite them to visit the campus and to highlight some accomplishments and attributes of the university. All of the websites have a presidential message. Each of these messages highlights something unique about the university. AAMU's presidential message highlights the University's land grant status and its ability to nurture students to serve and to lead. The message also notes the faculty's "global experiences" and commitment to students' success. It lists AAMU's academic rankings in national publications and notes the "four doctoral programs in the areas of food science, physics, plant and soil science, and reading/literacy" (www.aamu.edu/president). The president's message suggests a differentiation strategy by highlighting many areas that contribute to a somewhat unique educational experience and campus environment.

ASU's president indicates that the University is "truly unique", and explains that the university is "focused on taking care of the educational needs of students", and providing a "rich blend of modern and traditional methods of instruction." He also notes the faculty's reputation and program accreditations, their "lowest" tuition, as well as ASU's "responsibility to manage [its] resources" (www.athens.edu/about/welcome). This message suggests that two different strategies are being employed – a differentiation strategy and a cost leadership strategy.

UAH's president encourages visitors to search its "virtual world" and to "discover an excitement that [could] be found only at few institutions of higher learning". It notes a "combination of classroom instruction and practical application" to create a unique "learning environment" for its students. The message continues using descriptive terms that include "distinctive education", "innovative solutions", and "leadership" (www.uah.edu/ president). The president's message suggests that UAH is using a differentiation strategy by asserting its uniqueness and offering students a distinctive experience.

UNA's presidential message highlights their "180 years of educational excellence", "a broad array of programs" and "numerous national accreditations" the University has. He notes that the University is a "leader in international programs." Other terms used include "diverse student body", "exciting learning community", "small classes", and "commitment to student success" (www.una.edu/administration). The president's message suggests that the University is employing a differentiation strategy.

Mission Statements

AAMU's mission statement uses terms that include "traditional land-grant institution", "center of substance and excellence," "comprehensive outreach program", "capable students... [with] limited access to education", and "laboratory where theory is put into practice in a productive environment" (www.aamu.edu/mission). This mission statement suggests that AAMU employs a focused differentiation strategy. ASU's mission statement indicates that a focus strategy is employed. Terms used to support this include, its emphasis on providing "junior and senior level" coursework and on targeting "transfer students" (www.athens.edu/about/mission.php). UAH's mission statement emphasizes its uniqueness and suggests that a differentiation strategy is being employed (www.uah.edu/ president/mission.php). UNA's mission statement suggests that it is using a differentiation strategy. The statement indicates that the institution is unique because of its regional and global perspectives and its "environment for discovery and creative accomplishment" (www.una.edu/administration/mission-statement.html).

Strategic Plans

Although neither of the presidential messages notes a strategic plan, AAMU and UNA provided access to their plans on their websites. The strategic plan for ASU was provided upon request. UAH was in the process of developing its overall plan, however several components of the plan were available on its website. A strategic plan includes the vision, the objectives or goals, and the strategies to accomplish them (Thompson et al., 2007). In this section, we examine various components of their strategic plans in an effort to identify the strategy of these institutions.

AAMU's vision statement suggests that AAMU employs a focused differentiation strategy. The differentiation terms in the vision statement were "global recognition," "world-class, land-grant, comprehensive, [and] doctoral level II university". The focus strategy was evident in the university's plan to target "students with limited educational access" (www.aamu.edu/irpsp/frameworks_for_excellence.aspx).

ASU was developing a Master Plan/Vision 2020. Although strategic information for the various administrative units and academic schools was available, the overall institutional strategic plan was not available via the website. We used the 12 goals of the University to examine its competitive strategy. They suggest a differentiation strategy by emphasizing the University's commitment to providing "flexible scheduling [and] varied modes of delivery" and "cultural and intellectual enrichment" opportunities. Also, statements such as "serve the student effectively and efficiently", "administer efficiently and effectively all fiscal resources" (www.athens.edu/about/mission.php) suggest the use of a cost leadership strategy as well.

UAH was in the process of developing a strategic plan. On its website, it lists its five-year goals, which are identified as the "The Power of Ten" (http://www.uah.edu/strategic planning). The goals are as follows: $100 million in annual research expenditures, $100 million in endowment, $10 million in annual giving, 10,000 students, 1,000 co-ops and internships per year, 100 Ph.D.s per year, 10 new degree programs, and one international campus (www.uah.edu/powerof10). These goals indicate that UAH is following a differentiation strategy.

UNA's strategic plan, which continues through 2012, suggests a differentiation strategy is being employed. It emphasizes global perspectives in education, high-quality graduate programs, enriching its undergraduate experience, responding to regional needs, outreach, and fostering an academic community that would be diverse, inclusive, and increasingly multinational (www.una.edu/administration/StrategicPlan%20approved%20June%2007.pdf).

Prospective Students' Information on Admissions and Academics

The general information provided to prospective students is related to admission requirements and academic programs. We reviewed the websites to determine how the universities were marketing themselves to students. We expected to gain additional insight into the strategies of the universities from the information they provide to prospective students.

AAMU's Office of Admissions website provides several links for students including inquiries and questions, academic catalogs and manuals, and high school senior day. Other links include information for freshman admissions, international students, non-degree, transfer and reactivation students, scholarships, and campus tours (www.aamu.edu/admissions/contact_us.aspx). The information available to the different student groups suggests that a differentiation strategy is being employed.

The ASU Admissions website includes a description of the University as "an upper-level institution for junior and senior students." It highlights its expertise "at assisting in the transfer process", and provides general information and other links for new students (www.athens.edu/ admissions/index.php). ASU seems to be using a focus strategy to attract students.

UAH's Admissions website provides links to information for transfer, freshman, international and graduate students and related to student life, the online application process, etc. One of the additional links, "about UAHuntsville", emphasizes the high ACT scores of its incoming freshmen, quality of academic offerings, funded research programs at the University, and various accreditations and recognitions the University has achieved. This suggests that UAH is pursuing differentiation strategy.

UNA's Admissions website included a video and links for application information, student life, student resources, and opportunities for campus involvement. In addition, information related to a campus tour, the academic calendar, tuition and fees, financial aid, and scholarships. These links tend to portray or offer prospective students some unique experiences and campus environment. Hence we feel that differentiation strategy is being used here.

Each university offers academic programs to prepare students for various career opportunities. AAMU offers bachelor and master's degrees in Agriculture and Environmental Science, Arts and Sciences, Business, Education, and Engineering. It offers doctoral degrees in Food Science, Physics, Plant and Soil Science, and Reading (www.aamu.edu/ gradstudies). AAMU is the only institution offering degrees in Agriculture and Environmental Sciences in north Alabama. Its academic strategy appears to be differentiation. ASU offers bachelor's degrees in Business, Education, and Arts and Sciences. Although it is the only university offering a degree in Religion, it has the fewest number of academic programs. We feel that it is pursuing a focus strategy here.

UAH had the largest array of degrees at all levels. It offers unique degrees in Aerospace, Chemical and Optical Engineering, Atmospheric Science, and Nursing for all levels. Its academic program offerings indicate that UAH is employing a differentiation strategy. UNA offers bachelor and master's degrees in Arts and Sciences, Business, Education, and Nursing and Allied Health (www.una.edu/academics/major-list.html). It offers unique degrees in Nursing, Entertainment Industry Management, Environmental Biology and Chemistry, as well as Digital Media and Photography. Its academic strategy appears to be differentiation.

Summary of Findings and Conclusion

We used institutional profile, descriptive terms provided in the president's message, the strategic plan, other documents from the website of each university, and information from ACHE to examine the competitive strategy being employed by the four public universities in north Alabama. Letters have been assigned to identify each of Porter's generic strategies: Cost Leadership (C), Differentiation (D), and Focus (F) and the combination strategies of Focused Low Cost (FC) and Focused Differentiation (FD). The findings are summarized in Table 4.

Table 4
Summary of Institutional Strategies

Source	AAMU	ASU	UAH	UNA
Institutional Profile	F	FC	D	F
President's Message	D	D/C	D	D
Mission Statement	FD	F	D	D
Strategic Plan	FD	D/C	D	D
Admissions	D	F	D	D
Academics	D	F	D	D
Overall	FD	FC	D	D

C = Cost Leadership
D = Differentiation
F = Focus
FC = Focused Low Cost
FD = Focused Differentiation

Table 4 identifies the overall strategy employed by AAMU as focused differentiation. AAMU differentiates itself by highlighting its faculty-student relationships, student research opportunities, doctoral programs, research funding, and its desire for global recognition. AAMU employs the focus strategy on two fronts, serving the needs of two specific niche markets as a historically black university and a land grant university. ASU's competitive strategy seems to be focused cost leadership. ASU targets transfer students at their junior and senior levels of study and highlights its efficiency and low-cost tuition. However, its president's message and strategic plan also indicate a use of differentiation strategy. UAH utilizes the differentiation strategy exclusively, as shown in Table 4. Also, Table 4 shows that UNA is employing a differentiation strategy. The use of differentiation strategy to some extent by all the institutions is understandable, considering that each university is constantly striving to be different in an effort to attract and retain students, and achieve recognition. This study shows that universities in north Alabama are using and developing competitive strategies in order to compete against each other, as well as the other institutions of higher learning in the state of Alabama, surrounding states, and the nation.

Limitations

There are some limitations to this study. First, this study did not examine an exhaustive array of all sources of information related to these institutions. Second, this study focused on the four public, four-year universities in north Alabama only as identified by ACHE. Other educational institutions operating in the region and other parts of the state were not included in this study, even though they too are competing for students and offer similar programs. Lastly, the terms selected in this study were subject to the discretion of the researchers.

Future Research

Several ideas for future research could be pursued. First, this study could be extended to survey students, alumni and other stakeholders to determine their perceptions and opinions of each university's strategy. Second, the study could be extended to include all fourteen of Alabama's public, four-year universities to determine the different competitive strategies used by each. Third, the state has two large university systems with five member-campuses. It would be interesting to compare their strategies in an effort to determine whether each university had the autonomy to develop its own strategy or whether the systems' main campuses influenced the strategies of their member-campuses.

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Leader Derailment: Does the Business Model Apply to Business Schools?

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ABSTRACT

Since the 1990s, when Van Velsor and Leslie (1995) identified four thematic reasons and two emergent themes contributing to leader derailment, subsequent studies have found support in business settings for their research. However, although leader derailment occurs in other fields, such as higher education, it has only begun to be explored in those settings. This study applies the derailment themes identified in Van Velsor and Leslie's (1995) research to the study of derailed middle-level leaders in Business Schools. Results of the current study indicate that the derailment model developed in business settings is applicable, with some modifications, to Business Schools and that a lack of interpersonal skills is a primary reason for derailment of middle managers in Business Schools.

Introduction

A failure rate of 30 percent for managers (Capretta, Clark, & Dai, 2008) indicates the importance of understanding leader failure. Recently, one form of leader failure, derailment, is receiving increasing attention (cf., Capretta, et al., 2008; McCartney & Campbell, 2006; Robie, Brown, & Bly, 2008). Derailment is defined as: (1) the failure of high-potential leaders to reach their expected level in the organization, or (2) the voluntary or involuntary exit of high-potential leaders from the organization prior to reaching their expected level (Lombardo & McCauley, 1988; McNally & Parry, 2002).

In their review of the derailment literature, Van Velsor and Leslie (1995) found six themes that continually appeared as causes of derailment. Subsequent to the publication of this work, others have used it as a foundation for studies of leader derailment (cf., Hogan & Hogan, 2001). However, like the studies that Van Velsor and Leslie (1995) reviewed, most studies of managerial derailment involved small sample sizes taken almost exclusively from business settings.

Another setting where leader derailment needs to be understood is academe. Higher education is facing a leadership crisis (Gmelch, 2002; Stevens, 2000), perhaps because "universities are renown for promoting people who demonstrate excellence in one domain . . . into jobs which require experience and skills in quite a different domain" (Yielder & Codling, 2004: 327). The large number of retirements expected in the coming years will also contribute to the leadership crisis in academe (Land, 2003).

Gmelch (2002: 1) suggested that, "the academic leader is the least studied and most misunderstood management position in America," however, few empirical efforts to address the problem of derailment among academic leaders exist. Gentry, Katz, & McFeeters (2009) conducted one of the few derailment studies focused on administrators in academe; however, they assumed the cross-application of the derailment model developed in business settings to academic settings without confirming its validity in these settings. Further, their study looked at the propensity to derail, rather than actual derailments. Thus, the purpose of this study was to explore whether thematic reasons for derailment in business settings are supported in Business Schools.

Conceptual Background

Van Velsor and Leslie's (1995) review of the managerial derailment literature revealed four themes that consistently surface in studies of derailment, along with two newly-emerging themes. For the first four themes, they provided specific behavioral or attitudinal examples that were illustrative of the theme, as discussed in the following section.

The derailment theme identified by Van Velsor and Leslie (1995) that is consistently rated as the strongest contributor to leader derailment (Hogan & Hogan, 2001; Lombardo & McCauley, 1988; McNally & Parry, 2002) is Problems with Interpersonal Relationships. The job of a higher-education administrator requires interactions with a variety of people in the organization (Gentry, et al., 2009). In fact, when asked to list mistakes made by their administrators, educators listed poor human relations skills most often (Bulach, Pickett, & Boothe, 1998). With this level of interpersonal interaction, we would expect that:

H_1: Problems with interpersonal relationships will be a factor in derailment among Business School leaders.

A second derailment theme, Poor Performance on Organizational Objectives, is a logical reason for leader derailment. This is sometimes described generally as "performance problems" (McCall & Lombardo, 1983; Morrison, White & Van Velsor, 1987) or as a "failure to meet business objectives" (Hogan & Hogan, 2001). Consistent with this logic, we expect that:

H_2: Poor performance on organizational objectives will be a factor in derailment among Business School leaders.

Team work is a prevalent part of leadership in today's organizations. Hogan and Hogan (2001) view team building as the defining characteristic of leadership, thus it follows that the Inability to Build and Lead a Team emerged as a derailment theme in prior studies (Van Velsor & Leslie, 1995). Persons who are new to higher education administration must make the transition from a focus on their own academic careers to being more group-oriented (Yielder & Codling, 2004), thus we would expect that:

H_3: Inability to build and lead a team will be a factor in derailment among Business School leaders.

The fourth derailment theme identified by Van Velsor and Leslie (1995) is the Inability to Develop and Adapt, and they note its increasing importance as business environments become increasingly turbulent. Shipper and Dillard's (2000) study identified a failure to develop appropriate skills over their career cycle as a major shortcoming of leaders who were likely to derail, as compared with fast-track leaders. Based on this evidence, we would anticipate that:

H_4: The Inability to develop and adapt will be a factor in derailment among Business School leaders.

Van Velsor and Leslie (1995) also noticed two additional themes emerging in derailment studies. The first was having Narrow Prior Work Experience. In their research involving eight failed CEOs, Conger and Nadler (2004) found that having a base of expertise that is too narrow was an important contributor to CEO derailment. Therefore, we hypothesize that:

H_5: Previous work experience that is too narrow or specialized will be a factor in derailment among Business School leaders.

The second emergent theme in the derailment literature is Being Inadequately Prepared for Promotion. This appears to be a major issue for leaders in higher education, who are rarely given any preparation for, or understanding of, the leadership positions they undertake (Gmelch, 2002; Land, 2003). Therefore, we anticipated that:

H_6: Being inadequately prepared for promotion will be a factor in derailment among Business School leaders.

Van Velsor and Leslie (1995) provided specific behavioral examples for four of the six derailment themes. For the theme of Problems with Interpersonal Relationships, six examples were given. One such example is being insensitive to others (Hogan & Hogan, 2001; McCall & Lombardo, 1983; Van Velsor & Leslie, 1995). Another example is appearing to be cold and arrogant (McCall & Lombardo, 1983; Van Velsor & Leslie, 1995). A third is being overly ambitious and considering others as tools for one's own advancement (McCall & Lombardo, 1983; Morrison, White, & Van Velsor, 1987; Van Velsor & Leslie, 1995).

Leaders who had problems with interpersonal relationships were also characterized as preferring to undertake projects on their own, preferring to work without involving others, and tending to isolate themselves (Lombardo & McCauley, 1988; Van Velsor & Leslie 1995). These leaders were more likely to use fear as a motivational tool, as they tended to lead with an authoritarian style (Van Velsor & Leslie, 1995). The authoritarian style is particularly ill-suited to higher education settings, where managers' formal authority over faculty members is limited (Stevens, 2000). Inevitably, such poor interpersonal interactions resulted in poor working relations with subordinates (McCall & Lombardo, 1983; Lombardo & McCauley, 1988; Morrison, et al., 1987; and Van Velsor & Leslie, 1995). Based on this information, we propose that:

H_7: Being insensitive to others, being cold and arrogant, being overly ambitious, isolating oneself, using an authoritarian leadership style, and having poor working relationships are all components of Problems with Interpersonal Relationships.

The derailment theme of Failure to Meet Organizational Objectives is characterized by poor performance and a lack of follow through (Lombardo & McCauley, 1988). Betrayal of trust is also an example of the Failure to Meet Organizational Objectives (McCall & Lombardo, 1983). Therefore, we propose that:

H_8: Poor performance of assigned duties, lack of follow through, and betrayal of trust are all components of Failure to Meet Organizational Objectives.

One reason that a leader may suffer from the third theme of being Unable to Build and Lead a Team is a failure to recruit appropriate team members (McCall & Lombardo, 1983). A leader may build a team inappropriately by selecting team members whose strengths and weaknesses too closely mirror those of the leader (Lombardo & McCauley, 1988). Even when team members are appropriately selected, the derailed manager may be unable to mold the staff into a team (Lombardo & McCauley, 1988) or may simply be unable to effectively manage subordinates (Morrison, et al., 1987). Therefore, we propose that:

H_9: Failing to recruit effectively, an inability to manage subordinates, and difficulty in molding a team are all components of the Inability to Build and Lead a Team.

One particular deficiency related to the theme of the Inability to Develop or Adapt is being unable to adapt to a boss whose leadership style differs from one's own (Morrison, et al., 1987). Leaders who demonstrate this problem are presumed to be unable to see the big picture or to think strategically (McCall & Lombardo, 1983; Lombardo & McCauley, 1988). Perhaps this is why derailed managers seem to have problems resolving conflicts with upper management (Lombardo & McCauley, 1988). Finally, the inability to adapt to the organization's culture was listed as another problem related to this theme (Morrison, et al., 1987). This led us to propose that:

H_{10}: Being unable to adapt to a boss with a different style than one's own, being unable to think strategically, being unable to resolve conflicts with upper management, and being unable to adapt to an organization's culture are

all components of the Inability to Develop or Adapt.

Because the two derailment themes of Previous Experience that is too Narrow or Specialized and being Inadequately Prepared for Promotion were considered emergent themes, no behavioral examples were given.

Method

Participants

Four hundred ninety three (493) surveys were mailed to Deans of AACSB-accredited Business schools in the United States. Deans were asked to rate the reasons for derailment of up to two high-potential Business-School administrators who had worked directly for them. Seventy-nine (79) responses were received, for a response rate of 16%. Five respondents reported that they had not experienced any derailments and several respondents rated two derailments, resulting in 124 derailed leaders being rated.

Survey respondents were primarily male (86%) and Caucasian (85%). The largest percentage of respondents (33%) had been in the Dean position for 6-10 years, with 27% being a Dean for five or less years, and 18% for 11-15 years. Forty-eight percent (48%) of respondents had served in their current position for five years or less, with 29% in their current position for six to 10 years.

Measure

The operational definition for a managerial derailment that was used in the survey was "managers who have high potential, but have careers that derail, or do not live up to their initial promise."

On a seven-point scale, from (1) Strongly Disagree to (7) Strongly Agree, respondents rated the extent to which each derailment theme and each behavioral example contributed to the person's derailment. Additionally, we also asked respondents to describe other reasons for derailment that were not listed in the survey.

Analysis

To examine whether respondents agreed that a theme was a factor in derailment, t-tests were used to examine whether the mean score for each theme was significantly different from a "neutral" rating of 4. Two analyses were used to examine the behavioral examples and their relationship with the four derailment themes. First, an exploratory factor analysis with a varimax rotation was conducted. Regression analyses were then conducted on each of the factors and the derailment theme. Finally, we examined the additional items contributing to derailment that were listed by respondents.

Results

The percentage of high-potential Business School administrators who were reported by respondents in this study to have derailed was consistent with prior research. Specifically, the number of direct reports that Deans had supervised in the last ten years ranged from 2 to 100, with an average of 19.73. The numbers of those direct reports whom they identified as having high potential ranged from 0 to 50, with an average of 6.35, indicating that about 32% of direct reports were considered high potential. Of those high potential employees, Deans reported that an average of 2.07, or about one-third of those with high potential, later derailed.

Means, standard deviations and correlations of the six derailment themes are presented in Table 1. Problems with Interpersonal Relationships was the most strongly-cited reason for derailment among academic leaders. The mean score on this theme of 5.10 was significantly above a "neutral" rating ($t = 5.623$, $p<.001$), tending toward strong agreement that it was an important factor in leader derailment and providing support for the first hypothesis. With a mean of exactly 4.00, the theme of Failure to Meet Objectives was not rated significantly different from neutral, therefore, Hypothesis 2 was not supported. However, the Inability to Build and Lead a Team and the Inability to Adapt and Develop were both rated highly as reasons for derailment, providing support for Hypotheses 3 ($t = 4.573$, $p<.001$) and 4 ($t = 3.854$, $p<.001$).

Table 1

Means, standard deviations and correlations of the derailment themes

Variable	M	SD	1	2	3	4	5
1. Problems with Interpersonal Relations	5.10	1.988					
2. Failure to meet objectives	4.00	2.147	-.03				
3. Inability to lead team	4.75	1.730	.48[2]	.37[2]			
4. Inability to adapt and develop	4.62	1.673	.23[1]	.38[2]	.46[2]		
5. Previous experience too narrow	3.72	1.940	.18	.43[2]	.28[2]	.34[2]	
6. Inadequately prepared for promotion	3.52	1.900	.27[2]	.49[2]	.43[2]	.45[2]	.73[2]

n = 93
[1]p<.05, [2]p<.01

Of the two emergent themes presented in hypotheses 5 and 6, neither was supported as a reason for derailment. The theme of previous experience being too narrow was not rated as significantly different from neutral by respondents (t = -1.524. p >.10), while the mean of the "inadequately prepared for promotion" theme, was actually significantly different from neutral, but in the direction of disagreement that it was a factor in derailment (t = -2.674, p<.01).

The means, standard deviations and correlations of the behavioral/attitudinal examples for each derailment theme are given in Table 2. As shown in the rotated factor loadings presented in Table 3, four factors explained 70% of the variance in the data. Further, the items which loaded on each factor were a close match for the descriptions given in business studies of managerial derailment. Therefore, we retained the same names for each factor; Problems with Interpersonal Relationships (Factor 1), Inability to lead a team (Factor 2), Inability to Adapt and Develop (Factor 3), and Failure to Accomplish Objectives (Factor 4).

The first factor provides partial support for Hypothesis Seven, containing five of the six behavioral examples presumed to be associated with Problems with Interpersonal Relations. Further, this factor represented 42% of the variance in the data, once again providing evidence of the importance of interpersonal skills in leader derailment. Only the exemplar, "isolated self," did not load on this factor. However, the communality of the exemplar, "Overly Ambitious" was low (.483), therefore, both of these two behavioral examples were excluded from the next analysis on this factor.

The next analysis was a regression analysis, which indicated a significant relationship between the examples and the theme (R^2 = .73, p<.001), as shown in Table 4. Three of the four behavioral examples, being insensitive, being cold or arrogant and having poor working relations, were significant predictors of poor interpersonal relationships. Being authoritarian was not significant.

All three examples of the Failure to Accomplish Objectives loaded on the same factor, providing support for Hypothesis Eight. However, this was the component in the factor analysis that explained the least amount of variance in the data, at only 6%. This is consistent with the results of our analysis of Hypothesis 2, where respondents did not rate this as a significant factor in derailment, and further indicates that the Failure to Accomplish Objectives is not a major contributor to derailment. Because this theme was not strongly supported in either of the first two analyses, further regression analyses were not performed on this theme.

Hypothesis Nine suggested that the Inability to Build and Lead a Team would be characterized by a failure to recruit effectively, an inability to manage subordinates, and difficulty molding a team. Our results indicated that all three of these behavioral exemplars, with the addition of a fourth behavior of isolating oneself, did load together on the second factor in the analysis, providing support for the hypothesis.

Table 2

Means, standard deviations and correlations of the behavioral examples for the derailment themes

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Insensitive to others	4.90	1.90															
2. Cold or arrogant	4.44	1.94	.83[2]														
3. Overly ambitious	3.77	1.98	.48[2]	.46[2]													
4. Isolated self	4.06	1.89	.42[2]	.22[1]	.43[2]												
5. Authoritarian style	4.61	1.91	.59[2]	.56[2]	.46[2]	.32[2]											
6. Poor working relations	4.75	1.89	.64[2]	.55[2]	.38[2]	.52[2]	.58[2]										
7. Poor performance of assigned duties	3.96	2.07	.08	.15	.04	.34[2]	.12	.32[2]									
8. Lack of follow through	3.77	2.08	.12	.20[1]	.11	.22[1]	.14	.26[2]	.87[2]								
9. Betrayal of trust	3.75	2.09	.29[2]	.37[2]	.35[2]	.30[2]	.32[2]	.44[2]	.41[2]	.38[2]							
10. Failing to recruit effectively	3.81	1.72	.36[2]	.33[2]	.38[2]	.31[2]	.32[2]	.39[2]	.42[2]	.47[2]	.40[2]						
11. Inability to manage subordinates	4.59	1.85	.50[2]	.38[2]	.38[2]	.45[2]	.33[2]	.59[2]	.48[2]	.44[2]	.31[2]	.70[2]					
12. Difficulty in molding a team	4.68	1.78	.41[2]	.30[2]	.30[2]	.49[2]	.28[2]	.62[2]	.40[2]	.36[2]	.38[2]	.62[2]	.79[2]				
13. Unable to adapt to a boss with a different style	4.47	1.91	.24[2]	.22[1]	.21[1]	.10	.18[1]	.22[1]	.27[2]	.27[2]	.31[2]	.31[2]	.39[2]	.35[2]			
14. Unable to think strategically	4.10	2.13	.30[2]	.20[1]	.18[1]	.32[2]	.16	.34[2]	.46[2]	.43[2]	.30[2]	.40[2]	.53[2]	.42[2]	.48[2]		
15. Unable to resolve conflict with upper management	4.90	1.72	.34[2]	.34[2]	.24[1]	.25[2]	.24[1]	.37[2]	.28[2]	.22[1]	.32[2]	.33[2]	.47[2]	.40[2]	.59[2]	.55[2]	
16. Unable to adapt to organization's culture	4.41	1.73	.34[2]	.32[2]	.33[2]	.31[2]	.26[2]	.48[2]	.48[2]	.49[2]	.40[2]	.51[2]	.52[2]	.51[2]	.48[2]	.55[2]	.53[2]

n = 93

[1]p<.05, [2]p<.01

Table 3
Factor loadings of behavioral examples of derailment themes

Variable	1	2	3	4
Insensitive	**.823**	.290	.183	-.035
Cold/Arrogant	**.864**	.040	.175	.124
Overly ambitious	**.614**	.305	.114	-.021
Isolated self	.281	**.709**	-.022	.110
Authoritarian	**.784**	.146	.037	.094
Poor working relations	**.611**	.518	.143	.175
Poor performance	-.027	.271	.167	**.887**
Lack of follow through	.032	.175	.158	**.912**
Betrays trust	.429	.091	.213	**.513**
Failure to recruit effectively	.222	**.561**	.261	.372
Inability to manage subordinates	.233	**.747**	.368	.244
Difficulty molding a team	.177	**.797**	.292	.193
Inability to adapt to boss	.122	.030	**.839**	.120
Inability to think strategically	.043	.326	**.655**	.297
Inability to resolve conflicts with upper management	.212	.177	**.815**	.056
Inability to adapt to organization's culture	.219	.315	**.574**	.397
Eigenvalue	6.762	2.138	1.275	1.016
Percentage of variance explained	42.261	13.361	7.970	6.350
Cumulative percentage of variance explained	42.261	55.622	63.592	69.941
Coefficient alpha reliability estimates	.86	.83	.81	.80

Table 4
Results of Regression Analysis for Derailment Themes

Variable	Interpersonal Skills	
	β	R^2
Insensitive to others	.785[3]	
Cold/Arrogant	-.198[1]	
Authoritarian	.064	
Poor working relations	.258[2]	.727[3]
Variable	Inability to Lead Team	
	β	R^2
Failing to recruit effectively	.108	
Inability to manage subordinates	.086	
Difficulty in molding team	.664[3]	
Isolated self	.041	.662[3]
Variable	Inability to Adapt	
	β	R^2
Inability to adapt to a boss with a different style	.202[1]	
Inability to think strategically	.146	
Unable to resolve conflicts with upper management	.272[2]	
Unable to adapt to organization's culture	.269[2]	.484[3]

[1]p,.05, [2]p <.01, [3]p<.001

The regression on this theme showed a significant overall relationship ($R^2 = .66$, $p < .001$). However, the only behavioral example that was a significant predictor of respondents' ratings of the ability to build and lead a team was, "difficulty molding a team," which implies mixed support for Hypothesis Nine.

The tenth hypothesis suggested that the Inability to Develop or Adapt would be characterized by difficulty adjusting to a boss with a different style, an inability to think strategically, an inability to resolve conflicts with upper management, and an inability to adapt to the organization's culture. The predicted exemplars loaded on this factor, so the hypothesis was supported.

The result of the regression of the above examples on the Inability to Develop or Adapt provided overall support for the hypothesis ($R^2 = .484$, $p <.001$), with three of the four examples being significant predictors. The inability to think strategically was not significant. These results once again provide substantial support for Hypothesis Ten.

The number of additional reasons for derailment that were written in by respondents was not large, and some corresponded to items that were already on the survey, such as an inability to adapt to a boss, while other items were mentioned only once. However, there were two topics that more than one respondent listed, suggesting that these topics warrant further exploration; ethical issues, and extra-work issues, such as family problems.

In sum, three of the original four derailment themes were supported, with a smaller number of behavioral/attitudinal examples than originally given, and two additional themes emerged; ethics/integrity, and extra-work issues.

Discussion

Taken together, the results suggest that explanations of managerial derailment in business settings are generally applicable in Business School settings. Consistent with previous research, problems with interpersonal relations are the strongest contributor to managerial derailment. It is surprising that being authoritarian was not a significant predictor of interpersonal problems in this sample, given that several respondents wrote comments about derailment being related to rigidity and autocratic behavior. This may indicate that respondents do not consider rigidity and autocratic behavior to be the same as being authoritarian, and suggests that further study on this issue is warranted, perhaps by giving respondents the derailment theme and asking them what behaviors the theme implies or by giving respondents examples and asking them what theme it implies.

Given that effective performance on a job seems required for career success, it is surprising that the Failure to Accomplish Objectives was not a stronger factor in the derailments reported by these respondents. One possible explanation for this is that the derailed individuals who were rated in this study were actually successful in performing the basic requirements of their job, thus job performance was not an issue. In other words, it may be that basic job performance was not a contributing factor in derailment, because derailed individuals were performing successfully in this area.

The mixed results for Hypothesis Nine regarding the ability to lead a team and the examples of the same suggest that the ability to recruit and manage subordinates are important considerations in career derailment, but may not be the same construct as leading a team. Similarly, the mixed results on Hypothesis Ten suggest that the ability to think strategically may be important, but may not be considered as part of the construct, The Ability to Develop or Adapt. Further exploration could examine the relationships among the construct and the examples of it.

The emergent themes of having previous experience that is too narrow and being inadequately prepared for promotion were not rated as reasons for derailment. This might be due to the sample in this study. That is, in many cases, the Deans who were reporting on derailed managers had probably selected the person they were rating, and they would have been unlikely to select the person for the position if they felt the person was not prepared for it. The use of a different sample, such as peer reports, in future studies could address this issue.

With constant news reports about unethical behavior, it is not surprising that ethics was suggested as an additional reason for derailment. It is also not surprising that non-work factors, such as family issues, play a role in managerial derailments. It is recommended that these topics be included in future studies of derailment.

There are several practical implications of these findings. One implication pertains to selecting leaders for positions in Business Schools. While interpersonal issues, such as being cold and arrogant, may not be damaging to one's career as a faculty member, our results indicate that this type of behavior may contribute to derailment and failure in an academic leadership position.

Business School leaders are particularly likely to be unprepared for the role change from Academic to Administrator. The assumption of a leadership position requires the new leader to transition from loyalty to a discipline and an emphasis on their career progression, to loyalty to an institution and an emphasis on collective interests (Raines & Alberg, 2003). Some have suggested that training and development programs for academic leaders should involve mentoring, networking and increased understanding of self (Filan & Seagren, 2004), and our results support the need for this kind of training in Business School administration.

While the use of survey methods and the extension of the study of managerial derailment to the academic setting are contributions of this study, the results should be interpreted within the context of the study's limitations. The response rate of 16% is relatively low. Additionally, although our study of Business School leader derailment is consistent with prior research on derailment in focusing primarily on individual factors that contribute to derailment, we did not include contextual factors that contribute to leader derailment, such as poor person-environment fit (Shen & Cho, 2005; Wolverton, Gmelch, & Wolverton, 2000). Finally, there may be a problem with perception and attribution in the evaluation of the derailed leaders by the raters. The instructions asked the individuals responding to the survey to recall a previous working relationship and assess the reasons for failure. It is possible that in doing so, the rater may have shown an actor-observer bias (Jones & Nisbett, 1972) by overemphasizing personal factors and underemphasizing any environmental issues that may have contributed to derailment.

Our results should be useful for finding ways to keep high potential individuals on an upward career trajectory. The results provide information to the supervisors of high potential individuals as to the common pitfalls in their careers, thus assisting them to focus their developmental efforts with these people more precisely. Thus, high potential individuals will be able to achieve their full potential, and organizations will have the full benefit of the talents of these very capable employees.

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