Research on Strategic Governance Mechanism of Mission Driven Business Schools in AACSB Accreditation

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Abstract. This paper analyzes the governance origins, governance issues and governance objectives of implementing strategic governance in mission-driven business schools in the progress of AACSB accreditation and examines the mechanism framework of strategic governance. The mechanism framework shows that incentive mechanism is the key to international accreditation governance, the constraint mechanism systematically controls international accreditation operation and the cultural mechanism provides an effective support for international accreditation governance.

Introduction

Peter Drucker believed that the specific goals and missions of an organization are one of the three core tasks of management. In terms of management, the differences between different organizations are all due to the fact that their respective missions determine their strategies and their respective organizational structure are determined by their respective strategies (Peter F. Drucker, 2006). A clear mission can clarify the organization's strategy, play a role in calling an attention to the organization, and develop the innovative thinking of the organization. The formulation of organization mission needs to answer "what is the organization", "what will the organization be" and "what should the organization be". University, as a historical phenomenon, has experienced a process of differentiation from simple to complex, from single to multiple under the impetus of internal logic and external pressure. The three functions of cultivating talents, developing science and serving the society have gradually come into being. Like enterprises, mission management is of strategic significance to the long-term planning and innovative development of universities.

Founded in 1916, AACSB (The Association to Advance Collegiate Schools of Business) is a non-profit organization composed of business schools, associations and other institutions dedicated to improving and promoting the higher education level of business administration and accounting. AACSB accreditation represents the highest achievement of a business school worldwide. Accreditation through rigorous and comprehensive assessments is an affirmation of the quality and future of the school. AACSB accreditation is an important hallmark of a good management education. The AACSB issued accreditation standards for business studies in 1919. In 1991 all AACSB members approved mission driven accreditation standards and assessment process and revised the assessment standards several times ever since then.

The primary concern of AACSB accreditation is whether the institution has a clear mission and the commitment, strategy, planning and path of its members to achieve that mission (Liu Yang and Ma Aimin, 2015). One of the guiding principles of accreditation is to emphasize resource management in accordance with the constantly changing mission, and to take a series of measures to strengthen the curriculum, improve the level of teachers, improve teaching methods and develop scientific research activities. Therefore, AACSB accreditation can be viewed as a mission-driven process management and continuous improvement process.

Origins of Strategic Governance

System theory emphasizes the overall emergent character of the system, and examines the overall emergent character of the system from the aspects of system quality and system quantity. When many things are integrated into a system, there must be needs and possibilities for mutual complementarity, mutual benefit and symbiosis of cooperation (Hou Guangming, 2006). This is the basis for order. At the same time, there are mutual interference and competitive exclusion in resource possession, which is the basis of disorder. However, cooperation and complementarity may lead to interdependence, inertia and disorder. Competition hindrance may stimulate initiative, aggressiveness and order. The reasonable way of integration, cooperation and competition, complementarity and mutual hindrance are the positive factors for the formation of order. Conversely, it will lead to disorder. According to the basic viewpoint of system theory, emergence is the integration effect of system, that is, structure effect and organization effect. The method, strength and environment of integration determine the emergence of the system. A large number of components are clustered together under some external compulsion and interact with each other in disorder, which can only produce the overall emergence in a purely statistical sense leading to the structural effect not the organizational effect. The orderly integration of components, that is, the components are organized to form an orderly structure will produce organizational effect. The more complex the organization becomes, the more rich and complex the overall emergence will be.

Integration does not imply convergence. Internal diversity and variation is the foundation of the system vitality and roots. The proper function of integration is to provide an appropriate framework for the interaction between components. The integrative components must protect, coordinate and regulate the internal diversity and variation in order to make full use of its construction, which is conducive to the survival and development of the whole system. Integration includes mutual coordination but is not limited to coordination. Integration also includes restriction, constraint and even compulsion, which is the basis for the formation of orderly structure. The process of organization integration should not only stimulate and promote, but also impose constraints and restrictions to shield some negative factors. The issue of integration mode and method is essentially the core of organizational governance, which will run through the whole process of organizational survival and development.

In the process of AACSB accreditation business school as an organization system will confront with the disorder of all kinds of contradictions and conflicts due to the heterogeneity of constituent and internal diversity. How to stimulate the overall emergence of the organization through incentive, restraint, coordination and other integration mechanisms is the key to the survival and development of business school, which will lead to continuous improvement and evolution of organizational systems guided by mission and strategy.

Business School of Beijing Union University, as a local business school, has been pre-certified by AACSB. It has defined the mission of the school as "practicing social responsibility, promoting applied innovation, cultivating business backbone and serving regional development", and formulated the strategic planning (2016-2020) and implementation plan. But it still needs to be notified that development strategy and mission goal is just to periodic dynamic stability, which will inevitably change with the environment and conditions. The restriction factors affecting the strategic management process of the school, such as unclear organizational governance structure, imperfect incentive and constraint mechanism and inadequate management execution problem will still exist and take effect in a certain period of time. Therefore it is an important proposition for the strategic management of the business school to review the mission and strategy regularly, break down various restriction factors and obstacles and execute dynamic strategic governance.

Issues and Objectives of Strategic Governance

In the process of international accreditation business schools' stakeholders like administrators, teachers and students etc. will create a constant force or tendency to break the order of accreditation due to interests conflict and contradiction, adverse changes in the external environment and demand evolution.

All these internal and external factors will result in the stagnation of accreditation, low work efficiency and even recession, which will seriously influence the stability and sustainability of school accreditation task. The governance goal of the business school in the process of international accreditation is to formulate and implement reasonable policies and systems, promote positive factors conducive to the sustainability of accreditation, and eliminate hidden dangers hindering sustainability. According to the internal and external environment scanning, the author believes that the key issues of international accreditation governance of business schools can be summarized into three aspects.

Motivation of Strategic Governance

In the dynamic mechanism of business school accreditation, endogenous dynamic mechanism such as the policy driving force of the internationalization of national higher education, the goal driving force of international accreditation and inherent driving force of survival and development play a key role in the process of international business school accreditation. It is the self-organizing force that drives the evolution of business schools from disorder to order. At the same time, the above dynamic effect is also an important source of the benefits of the international accreditation of business schools. It is the collective efficiency and benefits generated by the joint action of the accreditation subjects of the school, and the expression of the emergence of the school as a whole. One of the goals of business school international accreditation governance is to optimize the dynamic mechanism to promote the sustainable accreditation process, strengthen the positive driving effect of the dynamic mechanism, stimulate the emergence of collective efficiency and efficiency and make the accreditation work evolve along the path of excellent performance.

Guarantee of Strategic Governance

In the process of international accreditation of business schools, guarantee factors such as institution setting, system design and ideological understanding change the conditions of accreditation work by influencing and shaping the accreditation environment and play a positive or negative catalytic role in the accreditation work. Factors such as imperfect institution setting, unreasonable system design and different ideas and understandings will become obstacles to the development of international accreditation of business schools, which will seriously affect the development process of international accreditation. Therefore, it is necessary to optimize the environment and basic elements of international accreditation and eliminate the system ideological barriers of international accreditation.

Incentive of Strategic Governance

Continuous improvement is the key to the continuous emergence of collective efficiency and benefit. Business school international accreditation is essentially a mission-driven process of continuous improvement and innovation. Continuous improvement capability is an important goal of business school governance and also the key for business school to maintain competitive advantage and achieve stable growth (Song Caiping and Wu Sumei, 2013).The continuous improvement under the coordination of related stakeholders like administrators, teachers, students and teaching assistants etc. of the school directly affects the share of collective efficiency and benefit. The positive synergy and its innovation improvement lead to the increase of collective efficiency and benefit, while the negative synergy and its innovation lag lead to the decrease of collective efficiency and benefit. Therefore, an important governance goal of international business school accreditation is how to stimulate and maintain the innovation motivation of stakeholders at all levels, how to promote the positive synergy and the link strength in between stakeholders and how to improve the innovation infrastructure.

The above three aspects as typical incentives are not enough to cover all the governance issues of international business school accreditation. In general, the goal of business school's international accreditation governance is to optimize the motivation mechanism and guarantee elements to improve the positive synergies in between accreditation stakeholders and promote the emergence of accreditation collective efficiency and efficiency.

Framework of Strategic Governance

Strategic governance mechanism refers to all legal, institutional and cultural arrangements concerning the organization's management, rules and regulations, incentives and constraints on decision-making and interest distribution, communication, cooperation and negotiation with the outside world. The purpose of the design of governance mechanism is to protect, coordinate and regulate the economic and social relations among the members of the organization, stimulate and promote the joint efforts of the members of the organization, and at the same time restrain and limit the opportunism, moral hazard, innovation locking and other behaviors that are not conducive to the stability and development of the organization so as to avoid the stagnation and decline of the organization. Effective governance mechanism is the premise and foundation of coordinated operation of an organization, and the design of governance mechanism is the core of organizational governance.

According to the analysis of incentive issues, it is stated that the mission driven strategic governance mechanism of international accreditation of business schools can be embodied in three types: incentive mechanism, constraint mechanism and cultural mechanism. The framework of incentive mechanism focuses on how to strengthen the goal driving force, survival driving force and continuous improvement driving force of international accreditation and optimize the driving force to promote the sustainable accreditation process. The core of constraint mechanism lies in how to eliminate the system ideological barriers of international accreditation and optimize the environment and basic elements of international accreditation. The key point of cultural mechanism is to establish a shared or assimilated accreditation culture so that school stakeholders can have a strong sense of identity and cohesion and form a community of interests.

According to the research of Jones et al. (Jones C. et al., 1997), there are interactions between the organizational governance mechanisms, and the matching, integration and complementary effects among the governance mechanisms can produce synergistic governance effects. Therefore, effective governance should be a process in which all kinds of governance mechanisms complement, combine and synergize with each other. In the above mechanism system, incentive mechanism is the key and core of business school international accreditation governance. The emphasis of the constraint mechanism is to maintain and strengthen the positive cooperative relationship between stakeholders, which is the control mechanism of authentication operation. The cultural mechanism as the main tool aiming to build up a common culture is the guarantee mechanism for the international accreditation of business schools. The three forces support each other and constitute the three-dimensional architecture system of the international accreditation governance mechanism of business schools. The relationship among the three forces can be shown in three-dimensional figure 1.
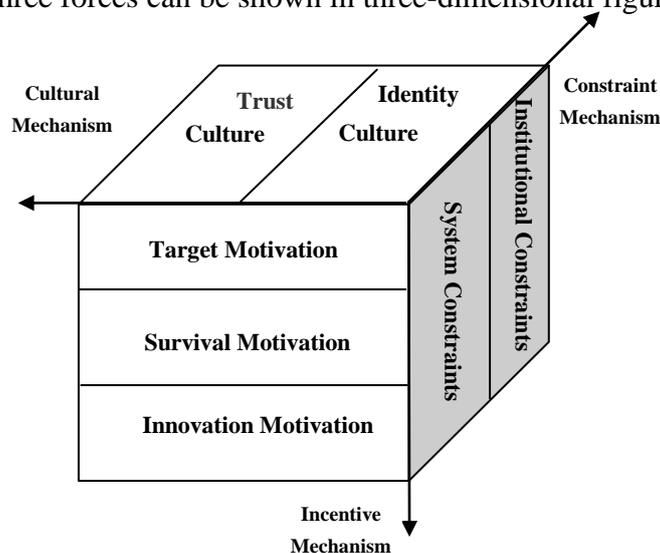

Figure 1. Mission Driven Strategic Governance Mechanism Framework of Business School.

Conclusion

AACSB accreditation puts forward inevitable requirements for the implementation of strategic governance in global business schools. As a mission-driven process of continuous improvement and dynamic management, the mechanism framework of strategic governance is the logical deduction result of governance motivation, governance issues and governance objectives, which together determine the mechanism framework of strategic governance. The mechanism framework shows that incentive mechanism is the key to international accreditation governance, the constraint mechanism systematically controls international accreditation operation and the cultural mechanism provides an effective support for international accreditation governance.

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