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MODELLING THE STAKEHOLDER ENVIRONMENT AND DECISION PROCESS IN THE U.S. HIGHER EDUCATION SYSTEM

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Abstract. *Purpose* – As higher education continues to be buffeted by challenges, college and university leaders must find a way to respond to these environmental forces. In the United States, accreditation plays an increasing role in the quality control and improvement process. The goal of this research is to gain a deeper understanding of this decision environment, and the stakeholders within that system, such that American higher education institutions may set and achieve goals more effectively.

Research methodology – Grounded theory is utilized to create a conceptual framework depicting the American higher education stakeholder system. In addition to placing the actors within the system, this research is also designed to generate a stakeholder-focused institutional decision process model.

Findings – When viewed in a systemic context, the accreditation process assumes a unique placement among the other critical stakeholders. With this understanding, higher education leaders may better understand, balance, and integrate the concerns of their various stakeholders, in a stakeholder-focused decision process.

Research limitations – While integrating multiple theories, to depict the American higher education stakeholder system and a stakeholder-focused decision process, this research does not operationalize or undertake the empirical testing of these theoretical models.

Practical implications – The influence of the dynamic external environment and the accreditation process combine to create extremely challenging decision-making conditions for higher education leaders. The ability to improve and balance the quality and ethical nature of decisions that impact their various stakeholders may assist these leaders in more accurately meeting both their institutional goals and the public good goals of higher education.

Originality/Value – This study specifically seeks to integrate multiple theoretical constructs within the American higher education environment and accreditation process. The creation of a theoretical model that depicts not only the stakeholder environment but also a stakeholder-focused decision process may assist all higher education institutions.

Keywords: higher education, accreditation, quality, stakeholder theory.

JEL Classification: I23.

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Introduction

The 21st century has created increasingly challenging decision conditions for higher education leaders. In the face of increased globalization, technological change, rising costs, and decreases in governmental subsidization, colleges and universities must still create and deliver a quality education. This complex and dynamic environment has complicated not only the determination of what quality is within the higher education context, but also how that quality is adapted and enhanced in these turbulent conditions. In American post-secondary education, quality has historically been assessed through the accreditation process (Young, et al., 1983). Initially created to delineate reputable institutions more than a century ago the accreditation process remains “the central means by which quality is maintained and improved in American higher education” (Wolff, 1993, p. 91; Young et al., 1983).

Accreditation may be seen as a quality control process when viewed with a business and management theory lens. As such, increasingly the argument has been advanced that business theory and solutions may assist higher education leaders in managing the environmental complexity (Hou, 2010). A review of the literature however reveals that where there are benefits, the direct application, or even indirect translation, of these processes to the unique higher education context is more difficult than it seems on the surface.

The goal of this study is to integrate systems theory, stakeholder theory, ethical theory and consumer theory within the American higher education environment to more appropriately model the role the accreditation process plays in the quality management decision process. By gaining a deeper understanding of not only who the various stakeholders are, but importantly where the various stakes converge and diverge, higher education decision-makers may be able to increase the effectiveness and efficiency of decisions related to educational quality.

Further, within this decision environment, it is critical for higher education leaders to examine their purposes, the likely the courses of actions to be taken to achieve those purposes and the ultimate impact of those decisions on the various stakeholder groups. As a result, the aim of this study is the development of a conceptual framework that integrates stakeholder, systems, ethical, and consumer theory to depict the American higher education stakeholder environment more completely. In addition to placing the actors within the system, this research is also designed to illustrate the stakeholder-focused institutional decision-making framework.

Grounded theory methodology is utilized to detect emergent themes from the existing literature on each theoretical construct and its application within the American higher education environment. These themes enable the creation of a theoretical model of not only the stakeholder environment, uniquely placing the accreditation process within that system, but also the creation of a stakeholder-focused decision process model. Thus, as a result of this research, these newly created theoretical frameworks may assist higher education leaders in both mapping their current stakeholder environments, and in making decisions that not only further the mission, strategy and goals of an individual institution but more importantly assist all institutions in achieving the public good goals of higher education as well.

1. Literature review

1.1. The changing American education and accreditation landscape

1.1.1. Higher education

The complex and dynamic global landscape possesses unprecedented challenges for higher education. Where the external environment of post-secondary education had remained stable, with many elements virtually unchanged since inception, the dramatic pace of change in the late 20th and 21st centuries has presented an entirely new set of circumstances to be managed. In the United States, these challenges include population shifts, employability requirements, technology applications, and a declining perception in the value of a college education.

Across the next several decades, population shifts, and demographic changes will impact the college-going populace. Although the United Nations Department of Economics and Social Affairs (2015) predicts the population worldwide will continue to increase, the United States Census Bureau predicts a decline in the percentage of the population under the age of 18 by 2060 (Colby & Ortman, 2015). An additional decrease in the working population, aged 18–64 by 2060 is also predicted. The percentage of those currently attending a college or university has already begun to decline, with enrolment in the United States down 26% since 2010 (Education Data, 2020).

Where international migration to the United States is expected to result in an overall net increase to the population by 2060, it is predicted that the majority of the foreign-born population emigrating to the U.S. will be adults. Currently, 2.3 million students, or 11% of the 21.8 million students studying in the U.S. are foreign born (Education Data, 2020).

An additional impact of international migration is an increase in the diversity of the American population. A majority/minority cross-over in the racial and ethnic composition of the U.S. population is predicted by 2044, such that by 2060 there will be no single group as a majority (Colby & Ortman, 2015). In this way, the United States will have become a “plurality” of racial and ethnic groups.

This shift in the composition of the United States population also has an impact on what has been in the past viewed as the “traditional” college student, usually aged 18–21. Data from the National Center for Education Statistics reveals that currently close to half of the students attending colleges and universities are 25 years old or older (Shapiro et al., 2017). Further, almost half are enrolled part-time and dependent on income from their parental households (Shapiro et al., 2017). Currently, women make up the majority enrolled in colleges and universities and 35% of students are the first in their families to attend a higher education institution (Shapiro et al., 2017). Combined, these demographic factors will significantly impact college enrolment levels, positively in some cases and negatively in others.

A further external environmental influence colleges and universities must manage is the shifting demands of employers. These demands, including the desire for graduates to be immediately “job ready”, are becoming increasingly difficult to meet. In these days of rapidly changing technology, colleges and universities are often in the nearly impossible position of training students for jobs that have not yet been created. A 2018 study conducted by the National Association of Colleges and Employers [NACE] found marked differences between

the perceptions graduates and employers in terms of “career readiness”, with employer giving graduates poor marks in the categories of professionalism/work ethic, oral/written communication, critical thinking/problem solving, leadership, career management and global/intercultural fluency (NACE, 2018). Busteed (2019) identified a Pew Research study that found young adults in the U.S. today (15–21 years old) are substantially less likely to have held a paid summer job before entering college than any previous generation.

Yet, while employers increasingly require candidates to possess undergraduate or graduate degrees, access to higher education may be seen as a critical component of employability. Where advanced education has consistently been found to provide both personal and economic benefits, access to higher education has been negatively impacted by a dramatic increase in its cost (U.S. Department of Education, 2006). A comparison of the relative increase reveals that where the rate of inflation has risen approximately 115% since 1986, college and university tuition rates have increased by almost 500% over the same period (Wadsworth, 2011). This has resulted in a substantial increase in the accumulated student loan debt in the U.S., a total of \$1.68 trillion in 2020 (Education Data, 2020). This total outstanding debt has grown 6 times faster than the national economy leaving the average student holding an average personal debt balance of between \$30K and \$50K (Education Data, 2020).

This tremendous increase in the overall cost of college attendance has resulted in lower completion rates, with only 57% of students enrolled finishing their degrees within six years (Fain, 2017; Shapiro et al., 2017). As a result, approximately 30% of the United States population has attained a bachelor’s degree and only 4% hold an advanced degree (Huffman, 2009; U.S. Bureau of Labor Statistics, 2012).

Finally, technological advancement has had a pervasive impact on higher education. Computers, audio, and video communication technologies have extended the reach of the traditional classroom, providing far greater access to information than any other time in history. This has supported an increase in the accessibility pathway to higher education for both traditional and non-traditional students.

In addition, the application of robotics and other production-based technology has been a driver in the shift from a manufacturing-based economy to a knowledge-based economy, resulting in the demand for a very different type of ‘skilled’ worker in the Information Age (Freeman, 2004; O’Neill, 2009; U.S. Bureau of Labor Statistics, 2012). The need to equip knowledge workers with technical skills, but also “softer skills”, such as the ability to think critically and creatively, work collaboratively, embrace complexity, appreciate diversity, and synthesize volumes of information speaks to the need for a more diverse curriculum for 21st century higher education (Erickson, 2010; Tapscott & Williams, 2010). A 2019 review by the Society of Human Resource Managers (SHRM) found 3 of 4 employees lack soft skills, and more than half of those employers believe the education system have not been able to address this skill shortage (Wilkie, 2019).

While American sentiments remain high on the perception that post-secondary education prepares individuals for success, many are much less apt to believe that higher education is “worth the cost” (Fishman et al., 2017). Moguluwa and Ewuzie (2013) studied the exchange relationship between the student, as a consumer, and higher education institutions as provider or producer. They found that “consumer’s expectations, desires, needs, and wants are

the same whether consuming manufactured products or educational services”, and as a result, colleges and universities must “assess and define quality and value ... along the consumers’ line” (p. 32). Thus, where students do perceive wide and diverse value in higher education, the perceptions of price – in all its forms; total cost, psychic costs, and annoyances – are seen to be out of line (Moguluwa & Ewuzie, 2013).

The interconnected nature of these forces of change, and the difficulty in managing all effectively as well as simultaneously, has led to a decrease in the perceived value of higher education (Fishman et al., 2017). As a result, the reductive, siloed, discipline-specific knowledge transmission processes of the past may no longer be sufficient to equip today’s college student for the contemporary challenges and conditions and has increasingly been called into question as an effective business model. This shift in the perceived value, and by extension the quality of higher education, has had a clear impact on the accreditation process as well.

1.1.2. The American accreditation process

The origins of the American accreditation process can be traced to the foundational purpose of delineating college-level institutions from schools of all other types (Young et al., 1983). Building from this base, the process has evolved over the last century to delineate reputable institutions, facilitate the transfer of coursework between institutions, and establish benchmarks of acceptable performance (Harvey, 2003; Nettles et al., 1997). More recently, the preparation of a qualitative self-study enabled accrediting agencies to assist institutions in improving quality, as opposed to merely certifying to a predetermined level of quality (Gillen et al., 2010). As a result, currently the accreditation process is one that is both complex and decentralized, having evolved as a system of institutional quality review that is both able to mirror and respect the vast diversity of the of the thousands of unique post-secondary institutions and programs of study (Saurbier, 2013). Uniquely, in the United States, the accreditation process is voluntary and may be conferred to either an entire institution or to a specific program and may be assigned by a private, a non-profit, a regional or a national accrediting body (Saurbier, 2013).

It is clear therefore that visible transformations have taken place in the predominant role of the accreditation process. Across the last century, the accreditation process has emphasized quality identification, quality improvement, quality assurance, and finally quality assessment and accountability in turn (Gillen et al., 2010). Importantly, this transition has not been merely evolutionary, with one goal replacing the next, but rather an additive process, with the current accreditation process having expanded to subsume and enact all previous and current roles and goals (Gillen et al., 2010).

This additive process has been motivated by the changing conditions, both external and internal, in the higher education industry (Gillen et al., 2010). Unfortunately, this process evolution has created conflicting views as well as criticism of what is, and should be, the emphasis of the contemporary accreditation process. The current process is frequently criticized for being complex, bureaucratic, secretive, predominately based on institutional inputs as opposed to outputs, dependent on the volunteer peer reviewers, and consequently generates institutional feedback that meets neither the information needs of the colleges and universities reviewed nor the public (Dickeson, 2006; Schray, 2006).

The use of multiple, regionally based accrediting agencies has also complicated the U.S. accreditation process. By promoting diversity among the nation's institutions and dispersing the review of these institutions among six distinct review agencies, inconsistency between the regional standards and charges that some standards are more rigorous than others exists (Dickeson, 2006; Schray, 2006). Where the promotion of institutional diversity and independence has historically been a strength of the U.S. accreditation process overall, Gillen et al. (2010) notes this does allow for variety to be introduced into the quality assurance review process, such that the accountability and control goals may be diminished.

Within the United States system of accreditation, the process is one that has remained independent, non-governmental, and self-regulating (Nettles et al., 1997). That status however is increasingly called into question due to the extreme dependence of contemporary colleges and universities on both state and federal funds (Schray, 2006). The current outlay of federal funds to higher education exceeds \$100 billion on an annual basis (Woodhouse, 2015). As a result, Schray (2006) indicated that increasingly accreditation is less seen as voluntary and more a "requirement for doing business in higher education" (p. 2).

With respect to institutional decisions regarding academic and institutional quality, the multiple and often conflicting purposes of the contemporary accreditation process complicates the accreditation process further (Saurbier, 2013). Whereas many believe an overriding purpose of accreditation is the improvement of quality in education, the lack of clearly defined performance objectives complicates the accreditors' ability to provide consistent counsel, promote programmatic diversity and academic freedom, as well as assist individual institution in making decisions that will advance rather than diminish effectiveness (Young et al., 1983).

As a result, the American accreditation process has in turn emphasized quality identification, quality improvement, quality assurance, as well as quality assessment and accountability (Gillen et al., 2010). Importantly, one role has not replaced the other, but rather the evolution has been one that is additive. Gillen et al. (2010) stated where accreditation agencies primarily view their own role as one of providing counsel for quality improvement, many external stakeholders view quality assurance and accountability as the primary roles of the accreditation process.

1.2. Education as a public good – or merely good for the public?

1.2.1. Public and private goods

Samuelson (1954) defined public goods as possessing two essential components: non-rivalrous and non-excludable. Marginson (2011) clarifies these terms, indicating that a public good, such as the light emanating from a lighthouse, may be consumed by a wide number of people without being diminished (non-rivalrous) and at the same time consumption may not be restricted to a selected set of buyers or consumers (non-excludable). Marginson additionally states that many goods meet one but not the other criteria of non-rivalrousness and non-excludability, and those goods that meet neither criteria are considered private goods.

1.2.2. Evaluating higher education as a public or private good

The need to educate widely, to achieve both functional and altruistic ends, is seen across history. As a result, formal systems of education have developed, evolved, and played a significant role in shaping and advancing not only societies across time, but also the current processes by which individuals learn. While it is clear there are tremendous benefits associated with universal access and the massification of education, to individuals, nations, and society as a whole, these noble objectives come at a cost. The significant role of nations and governments across time, in both constructing and guiding education, speaks to the higher purposes and broader aims of education. As a result, many view higher education as a public good.

There are however substantial differences between the economic definition of a public good and those things that are merely good for the public. The reductive and dichotomous definition of a public good limits the ability to differentiate clearly and cleanly goods that are public or private, education among them. Tilak (2008) states that higher education may be seen as a public good, since the provision of education to one does not diminish its provision to others, and individual consumption of education also does not restrict its consumption by others. Further, Tilak indicates that higher education may be seen as producing the public good of newly created knowledge, simultaneously benefiting both the individual and society as a whole.

Cooper (2017) on the other hand, states, a result of the strict and specific economic considerations, “higher education is unambiguously not a public good”. Higher education is excludable, with the requirement to pay tuition, and there is a limit to the scalability of students in a classroom, after which the quality of education will be diminished, impacting the nonrivalrousness (Cooper, 2017). Using public sidewalks as an example, Cooper notes that as a public good, consumers are not charged for their usage or consumption and numerous consumers can take advantage of that good at the same time without adversely affecting others usage or enjoyment, but this argument does not hold for higher education. As a result, what many identify, but incorrectly label, as a public good are the positive externalities of higher education. Positive externalities exist when both the consumer and society at large benefit simultaneously from a good. The increases in knowledge, skills, and wages that accrue to the individual benefit society when that student graduates and becomes a productive part of the national economy (Cooper, 2017).

Marginson (2011) as well notes that as a public good, higher education must be viewed in both the contextual and political space it occupies. In context, the impact of globalization, political, social, and technological change may be seen as drivers of the commoditization and marketization of higher education as a good for private sale rather than a public good. Williams (2016) concurred noting, “the acquisition and creation of new knowledge is very expensive and those who acquire or create it need to be reimbursed” (p. 131).

Marginson (2011) also questioned the actual level of “public-ness” or public good of higher education, as it may be diminished by competition-inducing activities such as the published hierarchical institutional ranking systems. As a status-conferring process, these rankings serve to both strengthen an individual institution’s market-based competitive efforts as well as potentially weaken the underlying altruistic motives.

Finally, where the government's substantial investment in higher education may enable it to be viewed as a public good, the actual treatment of higher education institutions and their need to be accountable for the receipt of those funds, may also be seen to diminish the public good aspects. As an example, a 2017 survey by the Columbia University Teachers College on the "public good" of higher education found that 76% of the 3,000 Americans surveyed believed that the use of public funds was an excellent or good investment, these returns on that investment were quantified as "personal enrichment and growth, and the wealth and success that a college diploma can bring" (Teachers College Newsroom, 2017). While this data does support the study's claim, that where Americans generally see the "personal benefits to individuals, such as jobs, salaries or return to individuals on their investment of tuition and lost income," as well as a general benefit to society for the value of higher education, it is clear that these results speak to the idea that higher education is good for the public – but does not address the economic definitional considerations of a true public good (Teachers College Newsroom, 2017).

1.2.3. Evaluating accreditation as a public or private good

Dickeson (2006) noted two distinct categories of purpose for the accreditation process, institutional and public. The institutional purposes of accreditation include assisting individual colleges and universities on an ongoing basis in the processes of planned institutional and programmatic improvement, providing the information necessary to increase the quality of inputs into the organization, and the establishment of a foundation for the equitable, inter-institutional transfer of students and credit hours (Dickeson, 2006). The public purposes, however, aim primarily toward consumer protection. In this way, the accreditation process may be seen to accumulate, scrutinize, and communicate information to various stakeholders on the operations of an institution and return on investment metrics (Dickeson, 2006). In support of this point, Kelderman (2011) stated both the public and policy makers do expect the accreditation process to "serve as a stamp of financial stability; a fire wall against fraud and abuse; a barometer of basic academic performance; and a tool for parents of prospective students to compare the value of different colleges" (p. 1).

In addition, as the American accreditation process has worked to achieve the dual and often conflicting purposes of assuring and improving quality, peer reviewers are tasked with both providing recommendations to improve quality as well as provide assurance to the public that the institution complies with all stated accreditation criteria (Higher Learning Commission, 2020). As part of these dual roles, evaluators must determine the specific stakeholders and to and for whom quality should be assessed, improved, controlled, and communicated (Saurbier, 2013).

As noted, due to the extreme institutional dependence on federal and state funds, accreditation may be seen more as a "requirement for doing business in higher education" (Schray, 2006, p. 2). In this way, accreditation itself may be seen as a private good rather than a public good. Gillen et al. (2010) stated institutional accreditation across the decades has become a "marketable asset" (p. 3).

However, as the process developed to certify, maintain, and advance quality system-wide, it is as clear that accreditation does in fact serve a broader public good. At the national level,

the accreditation can be seen to meet the definition of a public good. The accreditation of one institution does not diminish that of another and the “consumption” of accreditation by one institution does not limit the ability of any of the six regional accrediting bodies to confer accreditation on another. As a result, the argument for accreditation as a public good may be advanced, however, identifying higher education, and the accreditation process, as a purely public good may not be possible.

1.3. Applying management theory to higher education: benefits and difficulties

1.3.1. Systems theory

While it may not be possible to cleanly qualify higher education or accreditation as a purely public good, there are definite public service benefits associated with education. As service-based organizations, colleges and universities today are facing increased competition for scarce resources, population declines, and technological advances in online learning. Combined, these forces are creating global enrolment rivalry. As a result, higher education institutions are more easily viewed as businesses and applying management theory insights as institutions work to manage the dynamic external environment offers the potential to address these challenges in a more efficient and effective manner (Hou, 2010).

It is clear that the formerly stable and predictable environment of higher education has been replaced by a more diverse, dynamic, and complex context (Davies et al., 2001; Greenfield, 2005). According to Davies et al. (2001), universities today must view their missions more broadly, with connections to the marketplace, as opposed to the vision of old, which was merely discovering and transmitting knowledge. Senge’s (1990) assertion, that a paradigm shift toward systems thinking enables a more accurate response to environmental complexity and uncertainty, may also be seen to apply equally well to higher education institutions. Systems theory is grounded in the contention that organizations interact with their environments (Checkland, 1999; Kast & Rosenzweig, 1972; Senge, 1990; Von Bertalanffy, 1969). As a result, higher education, and the American accreditation process, may be seen to serve both boundary-spanning and environmental scanning functions (Sambamurthy & Subramani, 2005; Yip et al., 2011). Consequently, a systems perspective may help higher education leaders to not only gain a better understanding of the macro and micro level issues they must address, but importantly manage the systemic connections between those issues.

1.3.2. Stakeholder theory

Viewing both higher education and the associated accreditation process in a systemic context then requires consideration of all elements associated with the system. By expanding the unit of analysis, from merely the individual college or university organization, to include a broader array of context-specific elements, systems thinking and systems theory provides the setting for a more complete and synthetic assessment of all issues facing an organization and all constituents (Ackoff, 1974). In this way, any and all stakeholders, by Freeman’s (1984) definition, “any group or individual who can affect, or is affected, by the achievement of an organization’s objectives” may be – and potentially should be – included in the analysis (p. 46).

An important component of Freeman's (1984) stakeholder theory, which was created as a response to both the production view of the firm and Friedman's (1962) stockholder perspective, is the moral and ethical implications. According to Friedman (1962), "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it ... engages in open and free competition, without deception or fraud". In this way, obeying the law becomes the driving force behind organizational decisions and actions.

Freeman (1984) however, citing the enormous impact of external environmental change on organizations, disputed this perspective noting, "if you want to manage effectively, then you must take your stakeholders into account in a systemic fashion" (p. 48). As a result, the impact of an organization's decisions on those both within and outside the organization becomes an important consideration in the decision-making process. Building forward from these divergent views, the application of the stakeholder theory's broader perspective has the ability to assist institutions in accomplishing education's morally grounded public good objectives.

1.3.3. Ethical theory

Ethical theory generally includes three dimensions: actions – the processes used to achieve a goal; agents – those taking action; and ends – the desired goal or endpoint (Wicks et al., 2010). In all actions, there are decisions, purposes, and consequences. In an organizational setting, Wicks et al. (2010) assert the need for a moral foundation to decisions and purposes, in order to achieve favourable consequences for all stakeholders. In this way, moral guidelines drive the considerations of means and ends, allowing the decisions made to be defensible to all stakeholders and less swayed by self-interest, especially in the face of increasing external pressures and demands (Wicks et al., 2010).

1.3.4. Consumer theory

Where a clear identification of who the stakeholders to both higher education and accreditation are may seem on the surface to be uncomplicated, a specific classification under Freeman's (1984) model becomes less straightforward. Consumer theory states that a rational customer will allocate their scarce resources to achieve maximum utility (Koutsoyiannis, 1975). The identification of the "customer" in higher education however is problematic (Houston, 2008). Where students are most often identified as the customer, they may well be better thought of as the consumer. The customer is generally viewed as the party paying for a product or service, whereas the consumer makes use of the product or service (French, 2015). Students, parents, institutions in the form of scholarships, employers in the form of tuition reimbursements, and governments in the form of subsidies or student loans all may fund a student consumer's educational endeavour.

As a result, Bailey and Bennet (1996) consider a student's future employer to be the most important customer. This separation of customer and consumer add tremendous complexity in clarifying and classifying those who are, and who are not, the customer. Similarly, the classification of the organizational production process elements as inputs, transformation, and outputs in the education space becomes equally problematic. However, combining and adapting both the systems perspective and stakeholder theory to higher education may assist both higher educational institutions and the accreditation process in decisions associated with educational quality.

2. Methodology

The goal of this study is the development of a conceptual framework that integrates stakeholder and systems theory to depict the American higher education stakeholder environment more completely. In addition to placing the actors within the system, this research is also designed to illustrate the stakeholder-focused institutional decision-making framework.

2.1. Grounded theory

To accomplish this research objective, grounded theory is utilized to create a conceptual framework that represents a theoretical system of actors and flows. Astalin (2013) notes that qualitative research is “probably the most flexible of the various experimental techniques”, and allows both meaning and theory to “emerge organically from the research context” (p. 118). In grounded theory, rather than beginning the research process “with a predetermined theory in mind, the formulation of theories stem from the data that allows one to explain ... [and develop] new theory through the collection and analysis of data about a phenomenon” (p. 121). As a result, this research methodology generates outcomes that extend beyond mere explanation, instead generating new insight that can form the foundation of new theory (Astalin, 2013).

As grounded theory methodology is deployed to generate new theory through the researcher’s recognition of emergent themes (Astalin, 2013), Saunders et al. (2015) clarify that new theory goes beyond merely referring to existing theory. Instead, grounded theory research should generate a novel but logical case that draws from and extends existing concepts, relationships, and explanations. This research study aims to utilize grounded theory to generate a conceptual framework depicting the American higher education stakeholder system.

Data in grounded theory research may be obtained from a wide variety of sources. Most often interviews with individual subjects are conducted, however, Saunders et al. (2015) remind that “observation although literature review and relevant documentary analyses make important contributions” (p. 121). The systematic evaluation of either primary or secondary data allows the researcher to create a reasoned theoretical explanation for the observed phenomenon which can be presented either textually or diagrammatically. In this study, the data utilized include the existing literature on stakeholder, systems, ethical and consumer theory as well as literature on the current state of higher education and the American accreditation process. These existing theoretical constructs are integrated to generate a conceptual framework that not only more accurately depicts the multiple system actors and distinctive context of the overall accreditation process, but also that illustrates the unique role accreditors play as part of the quality decision process.

2.2. Modelling the generation of new theory

Briggs (2007) notes where there is wide acceptance of the practice of modelling with statistical data, the modelling of qualitative data is less prevalent. Arguing that the practice is equally powerful when qualitative data are analysed, she further states this technique is an effective methodology in the exploration of a phenomena. As Glaser and Strauss (1999) state

grounded theory methodology, an inductive qualitative research technique, can be utilized to discover theory from systematically obtained data these techniques may be combined to produce a visual representation of a newly discovered theoretical model that portrays the adaptation and integration of existing theories to a new context.

This research study is only concerned with the conceptual development phase of the theory building process. Designed to produce only an initial theoretical model of the higher education stakeholder environment and a stakeholder-focused quality decision framework, the goals of this study do not seek to operationalize the resultant framework for empirical testing. Future research studies may be generated and tasked with both the operationalization of these conceptual frameworks and the production of process knowledge through the framework's application.

3. Results

3.1. A conceptual model of the American higher education stakeholder system

As the direct application of stakeholder, systems, ethical and consumer theory individually to American higher education and the accreditation process is problematic, this study employs grounded theory methodology to review the critical literature and develop a conceptual framework that integrates these theoretical constructs.

Freeman's (1984) initial graphical depiction of the stakeholder perspective placed the firm at the centre and constituents including customers, consumer advocates, owners, local community organizations, governments, suppliers, environmentalists, employees, management, media, and competitors radiating outward. Over time, the image of that stakeholder system has been adapted to include context-specific elements, and in many cases to call stockholders and/or investors out separately. Wicks et al. (2010) adapted this framework to depict those elements within the firm, and those outside, representing an even broader and more systemic view of the involved stakeholders.

Further, the application of systems theory to higher education requires each individual institution to understand the broader context in which they operate. Although not exhaustive, the immediate stakeholders of an American higher education institution may be seen to include the institution's students and faculty, the immediate community and the graduate's eventual employers. Houston (2008) as well asserts the existence of a wide variety of both individuals and groups who hold a stake the educational process and added the post-secondary education industry, governments, national economic stability, and society in general as higher education stakeholders.

Using this framework as a foundation, an analysis of the literature on the current higher education environment and the American accreditation process reveals the existence of the following possible stakeholders: institutions, students, employers, faculty, local communities, accreditors, state and federal governments, national economies, the higher education industry, and society overall. Where additional specific subsets within each of these major groups exist, this list represents these constituencies at the macro-level. A further review of the literature reveals the following themes as concerns of each of these stakeholder groups (Table 1).

Table 1. American higher education stakeholder concerns (source: author’s compilation)

	Students		Higher Education Industry
	<ul style="list-style-type: none"> - Value for price - Changing traditional student - Part-time college attendance - Women attending college - Cost of college attendance - Student debt loads - Access to college 		<ul style="list-style-type: none"> - Complex and dynamic eternal environment - Population and demographic shifts - Global migration - Access to college for the public good - Access to/use of technology for instruction - Increasing cost of college attendance
	Employers		Government
	<ul style="list-style-type: none"> - Degree requirements for jobs - “Job ready” graduates - Need for ‘Soft-Skills’ - Knowledge based economy - Changing technology 		<ul style="list-style-type: none"> - Substantial state and federal funds invested - Defaults on student loans - Accountability to the public for the effective use of funds
Institutions	Faculty	Accreditation	National Economy
<ul style="list-style-type: none"> - Complex and dynamic eternal environment - Population and demographic shifts - Global migration - Access to college for the public good - Access to/use of technology for instruction - Increasing cost of college attendance - Meeting ‘consumer’ expectations 	<ul style="list-style-type: none"> - Increased use of technology in the classroom - Knowledge based economy curriculum demands - Demand to train for jobs that do not yet exist - Demands to train for soft skills as well as curriculum content - Meeting ‘consumer’ expectations 	<ul style="list-style-type: none"> - Additive evaluation roles – quality identification, improvement, assurance, and accountability - Process criticisms - Regional standard differences - Public good value of accreditation - Meeting ‘consumer’ expectations 	<ul style="list-style-type: none"> - Tech-savvy and job ready workforce needed to advance economic growth - Inflationary pressures on the price of college attendance - Knowledge based economy - Changing technology requirements
	Community		Society
	<ul style="list-style-type: none"> - Job ready students needed in the local economy - Decreasing demand for traditional college education negatively impacts local economies 		<ul style="list-style-type: none"> - Job ready students needed in the global economy - Knowledgeable citizens needed to participate in and advance society

With these higher education stakeholders and their concerns codified, the theoretical constructs associated with existing literature on stakeholder, systems, ethical and consumer theory, related to the current higher education environment and the American accreditation process, may be synthesized and integrated with this data to generate a conceptual framework. The goal of this theoretical framework is to not only more accurately depicts the multiple system actors, and the distinctive context of the overall accreditation process, but also to illustrates the unique role accreditors play as part of the quality decision process.

As a stakeholder group, the American higher education accrediting bodies must be seen as a part of this system as they fulfil their function of reviewing and assisting each institution in continuous quality improvement. However, within the larger external higher education industry context these bodies fill a unique, boundary spanning role (Saurbier, 2013). Consisting of a voluntary corps of peer reviewers, the individual U.S. accreditation evaluators are each part of their own home institution. Fulfilling the assessment and accountability auditor role on behalf of the federal government however may be seen to designate these evaluators as agents of the government. Further, as an external quality control process, the accreditation evaluation is performed by peer reviews who are placed outside of an individual institution's system, but within the larger higher education system.

As a result, the unique role of the accreditation process and the peer reviewers must be accounted for as a part of the larger American higher education system. Figure 1© depicts a conceptual framework of the system that integrates these various American higher education stakeholders.

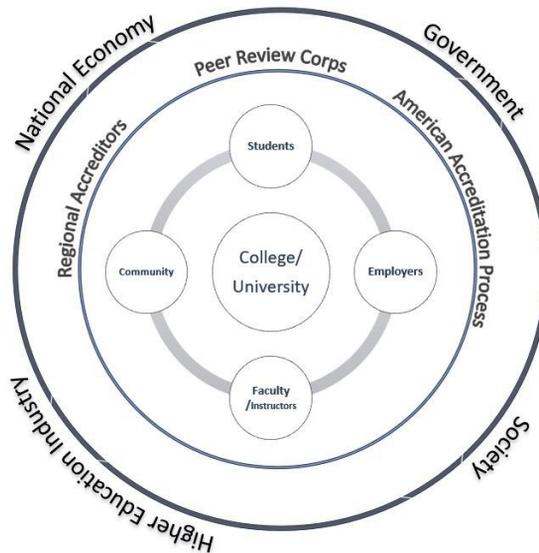


Figure 1. Conceptual framework of the American higher education stakeholder system ©

3.2. A conceptual model of a stakeholder-focused institutional decision-making process

With the stakeholders and their concerns identified, it is important for leaders of higher education institutions to determine where these concerns align and diverge as they contemplate decisions related to educational quality. In this action, higher education institutions must examine the ethical imperatives of ends, means, and actions. With their stakeholders and the concerns of each in mind, Wicks et al. (2010) pose the following questions to be considered across all stakeholders and stakeholder groups:

- Which purposes are most important, to which stakeholders, and are there any clear priorities?
- Which actions will best serve the critical purposes of the firm?
- Will any stakeholders be harmed, feel negatively affected, or seek to hurt the firm in response?
- Can natural alliances – positive or negative – be developed among stakeholders?
- Are there alternative courses of action that would both meet organizational objectives and assist key stakeholders? (pp. 13-14).

The address of these questions generates the information necessary to consider not only the systemic impacts of the decisions facing an institution, but also embeds the stakeholder concept into the strategic management process of the organization.

In this way, institution-level decisions relating to educational quality may be made giving consideration to not only the institution’s unique individual context, mission, and public good aims, but also the impact that those decisions may have on the array of institutional stakeholders. Synthesizing these elements, a conceptual framework that integrated not only the systems and stakeholder theories, but prominently depicts the three dimensions of ethical theory – actions, agents, and ends, but also the decisions, purposes, and consequences embedded within the actions may be created (Wicks et al., 2010). By overtly giving prominence to the moral foundation of the decisions and purposes, favourable consequences for all stakeholders may be achieved. In this way, moral guidelines drive the considerations of means and ends, allowing the decisions made to be defensible to all stakeholders and less swayed by self-interest, especially in the face of increasing external pressures and demands (Wicks et al., 2010). Figure 2© depicts a conceptual framework that integrated these elements as a part of a stakeholder-focused institutional decision-making process.

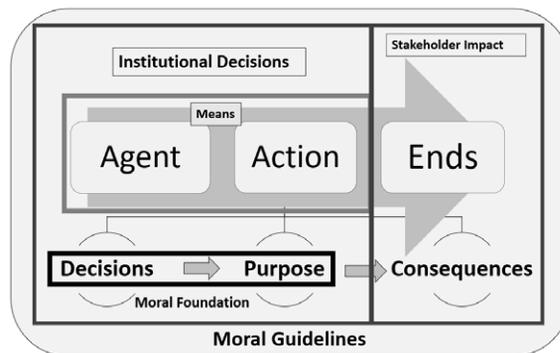


Figure 2. Conceptual framework of a stakeholder-focused institutional decision-making process ©

Rather than uniquely applicable to higher education institutions, this morally grounded stakeholder focus can be applied to the American accreditation process. At the national level, the accrediting bodies may integrate not only the individual institutional concerns, but also the concerns of their multiple, and often conflicting objectives of quality identification, improvement, assurance, and accountability, as they seek to meet the institutional and public good aims simultaneously (Gillen et al., 2010).

Conclusions

The potential for selected business and management theory-based solutions, to assist not only higher education institutions but also the accreditation process designed to determine and advance quality is clear, but not straightforward. The unique context of higher education necessitates the adaptation of both theory and practice to create an appropriate response to the challenges these institutions face. Where, on the surface, the American system of higher education may appear to be a simple and relatively stable system, this appearance of order and predictability may be misleading. As a complex and dynamic system, involving numerous elements, interacting in a nonlinear fashion, and without clear cause-and-effect relationships, the failure to appreciate the unique qualities differentiating education from businesses will result in the enactment of inappropriate solutions to many problems, the management of quality within the system among them.

The construction of a new model, one that integrates applicable business and ethical theory, to more effectively model both the unique stakeholder environment and the stakeholder-connected decision processes within the American higher education accreditation process may assist both institutions and the regional accrediting bodies in better managing the complex environment and its associated challenges. In addition, this model may also help both address the moral and ethical aims of ensuring access to, and quality within, higher education.

Finally, the interdisciplinary framework presented outlines the architecture of a comprehensive, stakeholder-inclusive approach that may lead to the realignment the American higher education accreditation process, such that quality of the member institutions is determined, assessed, reported, and advanced more efficiently and effectively. As this study was only concerned with the conceptual development of this model, this research is limited by the fact that this theoretical model has not yet been operationalized to empirically test its efficacy. Presented with a conceptual model, further research may continue to explore and expand on this framework.

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