

The Professor's Paycheck

by Dan LeClair

U.S. business school salaries continue to rise, but the increases are relatively modest.

Budget cuts, salary freezes, and straitened resources have taken their toll on salary increases for U.S. business school professors in the 2003-2004 school year. While schools still have managed to give raises to most of their professors, the increases have not been high. In hard numbers, the average faculty member is earning a nine-month salary of \$89,900 in 2003-2004, compared to \$87,500 the year before—an increase of 2.7 percent.

Figures are drawn from the 36th annual AACSB International Salary Survey conducted in late 2003 by AACSB's Knowledge Services staff. Of the 647 U.S. business schools invited to participate, a record 519 submitted data, including 96 percent of institutions accredited by AACSB. These participating schools provided salary data on 25,928 full-time business faculty members by rank in 28 business fields, and by gender; they also indicated whether each faculty member was a new hire for 2003 and whether or not the faculty member holds a tenure-track position. In addition, schools offered data about 4,439 administrators in 25 positions normally found in business schools.

Figures in these charts are an accurate representation of the schools in the survey sample, but they are aggregates drawn from a wide range of institutions incorporating variables of size, location, teaching load, student body, and mission. Individual school administrators and professors should consider their unique circumstances and potential when comparing salaries, even in specific ranks and disciplines.

Where the Money Is

Not surprisingly, salary increases varied depending on rank and discipline. For instance, average salaries of associate professors increased by 2.6 percent, and professors' salaries increased an average of 2 percent. Salary increases were greatest for assistant professors, whose average salary rose by 3.4 percent. This statistic reflects the fact that new doctorates are generally hired at the assistant professor rank—and at a premium. In fact, the average new doctorate earns \$5,800 more than an incumbent assistant professor. Because 656 new doctorates were hired in

2003, compared with 546 in 2002, their numbers influenced salary ranges for the whole category.

New doctorates saw even better salary increases if they took jobs within particular disciplines hungry for faculty. The strongest gains were in management (4.6 percent increase), economics (3.7 percent), and marketing (3.5 percent). New doctorates also could expect substantial premiums if they were hired by accredited or private schools. For example, the average salary for new doctorates hired into AACSB-accredited business schools was \$92,500, compared with \$67,100 at unaccredited schools. At private schools, the average salary for new doctorates was \$95,200, compared with \$87,100 at public institutions.

Mean Salaries by Field/Discipline*

Field/Discipline	Associate Professor
Accounting/Taxation	\$109.0
CIS/MIS	\$105.9
Economics/Managerial Economics	\$100.3
Finance/Banking/Real Estate/Insurance	\$124.3
Management/Behavioral Science/ International Business/Strategic Management	\$108.1
Marketing	\$109.9
Production/Operations Management	\$112.0
Quantitative Methods/Operations Research/ Statistics	\$107.5
All fields combined	\$108.9

*Figures are in thousands of dollars.

Whatever the institution, the recruitment of new doctorates was robust. According to survey participants, the average number of new doctorates hired in 2003 was 1.3 per school, up from 1.1 in 2002. In fact, schools continued to hire new faculty at all ranks at a healthy rate. For the fall of 2003, responding schools reported 2,112 new hires. Almost 60 percent were experienced—that is, neither new doctorates nor candidates for doctorates known as “all but dissertation” (ABDs). On average, each school hired 4.1 new faculty members for the fall of 2003.

However, these averages dropped slightly from 2002 figures, in which schools reported hiring an average 4.7 new faculty. In addition, the overall hiring rate in 2003-2004 went down slightly from the previous year, when new hires made up 9.3 percent of full-time faculty. In 2003, that figure dropped to 8.1 percent. The numbers probably reflect a guarded approach to faculty hiring, where budget uncertainties have led to hiring freezes even

when there are open positions to be filled. Nonetheless, these figures indicate a much more active market than in 1996, when schools hired an average of 2.8 new hires and considered 5.6 percent of their faculty to be new.

Despite the overall drop in numbers, hiring continued briskly in some fields during 2003, most notably management, accounting, and marketing. Most of those fig-

Salaries by Type of School*

	Accredited	Non-accredited	Public	Private
Professor	\$112.1	\$78.8	\$102.2	\$125.1
Associate Professor	\$88.8	\$68.9	\$83.1	\$91.9
Assistant Professor	\$87.5	\$63.2	\$81.5	\$90.2
Instructor	\$51.5	\$46.5	\$49.1	\$58.3
New Doctorate	\$92.5	\$67.1	\$87.1	\$95.2
ABD	\$80.7	\$62.4	\$74.9	\$84.8

*Figures are in thousands of dollars.

New Hires Across Disciplines

Assistant Professor	New Professor	Instructor	New Doctorate		Percent 2001	Percent 2002	Percent 2003
\$89.7	\$89.4	\$51.8	\$100.7	→	18.2%	14.7%	15.3%
\$87.4	\$85.5	\$50.0	\$91.2	→	11.1%	16.7%	13.2%
\$72.9	\$68.5	\$48.2	\$69.5	→	9.1%	8.0%	9.9%
\$97.3	\$101.1	\$55.7	\$104.4	→	15.8%	14.6%	15.1%
\$84.8	\$81.6	\$52.5	\$87.8	→	15.2%	17.2%	17.9%
\$86.6	\$84.7	\$50.0	\$91.9	→	13.7%	13.3%	13.4%
\$87.9	\$88.5	\$54.7	\$90.8	→	4.3%	2.4%	3.1%
\$84.8	\$76.0	\$47.8	\$78.7	→	2.8%	2.7%	2.6%
\$86.2	\$84.4	\$51.0	\$89.7	Other	9.8%	9.4%	9.6%

ures are consistent with historical trends, as shown by comparison with 1996 figures in the “New Hires Across Disciplines” sidebar.

Most notable is the slowdown of hiring in information systems management, which dropped to 13.2 percent in 2003 from 16.7 percent the year before and from 18.8 percent in 2001. One possibility is that IT/IS management has been integrated into other fields. Another explanation could be that the information management field still has not entirely recovered from the dot-com crash and poor performance of technology companies.

The Bottom Line

Overall, there are few surprises in this year’s salary survey; most recent trends still hold. For instance, the inversion of salary rates—where new hires earn as much or more than experienced faculty—is still in place and will inevitably contribute to the escalation of salaries across all categories. Rising salaries for new hires will encourage experienced faculty to move to different institutions to receive pay raises of their own, and thus the market will continue to stay extremely competitive.

This tendency toward a fluid job market, however, may be tempered by fiscal constraints. Some schools cannot attract faculty to fill vacant positions at the premiums earned by new professors. While budgets remain tight, the hiring situation may remain somewhat stable.

The long-predicted shortfall of business professors still appears to be in the offing, though recent events might have postponed the worst of the crunch. Fewer doctoral degrees in business are being granted, but while financial market performance remains uncertain, faculty members may find themselves unable to afford to retire. While the doctoral shortage looms as a huge potential crisis, schools might have been granted a brief reprieve.

Schools also might be dealing with both the doctoral faculty shortage and the salary crunch by hiring fewer teachers into tenure-track positions. Across all ranks, the numbers of faculty in non-tenure-track positions have risen slowly but steadily for the past several years. It seems clear that more schools are using adjunct or visiting professors to fill in open teaching slots, or they might be hiring faculty on a more temporary basis while they consider how to restructure staffs to create long-term solutions.

Despite these adjustments, salaries for management professors are strong and are likely to continue to rise as competition increases for both new and experienced faculty. The next year’s employment patterns appear to portend opportunities for professors and a challenge for administrators. **Z**

Percent of Faculty Not on Tenure Track

	2000	2001	2002	2003
Professor	1.5%	1.9%	2.3%	2.2%
Associate Professor	2.3%	2.6%	3.5%	3.7%
Assistant Professor	8.7%	9.1%	10.0%	10.3%
Instructor	79.8%	82.0%	83.7%	84.7%

Twelve-Month Administrative Salaries*

Position	Mean 2003
Dean	\$158.0
Associate Dean	\$128.9
Assistant Dean	\$79.1
Assistant Dean or Director: Development	\$87.2
Assistant Dean or Director: Finance and Administration	\$83.0
Assistant Dean or Director: Information Technology	\$85.1
Accounting Department Chair	\$124.4
School of Accounting, Director	\$142.2
Academic Department Chair	\$119.4
Assistant Dean or Director: Undergraduate Programs	\$73.1
Assistant Dean or Director: Graduate Programs	\$87.1
Assistant Dean or Director: Career Services/Placement	\$74.3
Director of Cooperative Programs	\$69.0
Assistant Dean or Director: Executive Education	\$105.0
Director of Internships	\$53.0
MBA/Master’s Admissions Director	\$68.0
Assistant Dean or Director: MBA Programs	\$85.1
Small Business Administration Director	\$66.1
Director of Communications/Public Relations	\$67.1
Executive MBA Director	\$89.1
Director of Research	\$103.5
Director of Distance Education	\$74.6
Major Gifts Officer	\$74.7
Director of Business Library Services	\$71.0
Other	\$59.0

*Figures are in thousands of dollars.