ATTRACTING AND RETAINING MARKETING FACULTY IN THE NEW MILLENNIUM

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ABSTRACT

There are several factors that suggest the marketing academy will be going through some significant changes as we enter the new millennium. This manuscript traces some of these changes stemming from changes in technology, a looming bulge in retirements, a possible shortage of doctorally qualified recruits, and pressure on administrators to move towards a greater reliance on part-time and non-tenure-track faculty. The implications of these changes are discussed with some possible solutions.

INTRODUCTION

The Academy is entering a period of challenge in hiring and retaining qualified faculty. Schools of business and marketing departments will not be exempt from this challenge. This manuscript explores the current and projected trends in faculty employment and the implications this holds for the universities, marketing department and faculty, students, and delivery of academic programs.

IMPORTANCE

Hiring and retaining qualified faculty is an important issue for the institution because there are significant costs associated with losing faculty and because of the value of faculty continuity. After the great buyers' markets that schools of business faced in the early nineties, they are again facing a situation where large numbers of schools actively pursue a shrinking number of marketing doctoral students. This looming shortage is important for schools to understand and adequately prepare for. One possible outcome of this shortage is a greater likelihood of faculty turnover as those with established teaching and research records look to benefit from the market shortage conditions. From the point of view of marketing departments, this is undesirable for several reasons.

Turnover in faculty is costly

There are a number of dimensions to this "cost" that go beyond recruitment costs, travel and time, which are onerous enough. The total monetary cost of a single position search can exceed $10,000. Anyone who has sat through days of sun-up to sun-down interviews at an AMA meeting, planned campus visits for faculty, dealt with all the red tape and hiring document hurdles in order to even get to the point of bringing a candidate to campus can attest to the amount of work this process entails. However, there are more insidious costs associated with faculty turnover. There are costs asscciated with covering courses during the period after the faculty member leaves, advising and other responsibilities that must be spread across remaining faculty members, as well as questions about the quality of course coverage and other support activities during the period before the person leaves the institution.

While institutions can and do use temporary faculty to fill in, typically there are costs involved in these decisions too, such as a need for more supervision and evaluation of temporary faculty performance. Temporary faculty also do not perform committee and other service functions for the department nor contribute to the intellectual and research output of the department placing additional stress on the remaining faculty members.

Continuity is important

Losing faculty can disrupt programs and course offerings, particularly for institutions with lean staffing. Students, alumni and community relationships all benefit from having faculty continuity. Faculty turnover may also have a negative effect on the research environment within the school. While faculty can and do work with colleagues at other institutions and this interaction has been facilitated by electronic communication, there is much to be said for having research active faculty to energize existing faculty and to provide mentors for newer faculty.

TRENDS IN ACADEMIC HIRING

There are a number of factors that will influence future trends in faculty hiring and retention. These factors include the following:

- Production of Ph.D.s
- Expected Increases in Students
- Growth in Part-time and Non-tenure Track Faculty
- Aging of Current Faculty
- Looming Bulge in Faculty Retirements
- Changes in Technology
- Faculty Satisfaction

Production of Ph.D.s

Table 1 shows business and management doctoral degree production from 1967-68 to 1995-96 (US Department of Education 1998). For the last three years, business doctoral production has dropped steadily. In another report from the AACSB, the number of business doctoral degrees awarded in 1997-98 was 1,006, down from the previous year's 1,072. As a result, the overall vacancy rate nudged up to 6.8 percent, compared to the previous year's 6.6 percent (Newsline 1999a). Looking at a snapshot picture of doctorates granted in 1997-98 (125 in marketing) and the unfilled positions for 1998-99 (145 in marketing) shows that there were 1.2 positions per granted marketing doctorate. AACSB predicts that number to grow to almost 2 positions per marketing doctorate for the 1999-00 year. The percentage of business doctorates awarded to U.S. or Canadian citizens dropped from about 72 percent in 1996-97 to about 65 percent in 1997-98 (Newsline 1999a). Thus, the marketing academy is facing a situation with fewer doctorates and increased vacancies.

There's not an absolute shortage of doctoral program candidates. There are many candidates from non-English speaking countries. Of Michigan's 150 finance applications, 60% were from China alone. Duke's program had 210 applications with 156 from foreign students. Many of these students may want to return to their home country and would therefore have no impact on the shortage of faculty in the U.S. Some students may want to teach in US schools but may be difficult to place on faculties depending on English fluency and ease with an MBA audience (Newline 1998).

There have been several factors leading to the reduced production of doctoral students in marketing. Primary among them have been (a) costs of doctoral programs, (b) revenue generation needs, and (c) business school rankings. During the widespread retrenchments of the early 90s, doctoral programs were among the first to be cut because of their high costs. Now, even though state budgets are not as tight, schools have discovered that putting resources into lucrative MBA programs have a higher immediate payoff, and thus these revenue generation needs prevent some schools from rapidly growing their Ph.D. programs. A third factor that has been cited as the reason for lower future Ph.D. output is the competition for ratings in magazines such as Business Week. Faculty are being forced to put much greater efforts into their MBA teaching and as a result are not as available to mentor students in their doctoral programs (Newsline 1998).

In addition, competition for associate and assistant professors is increasing. Institutions that can afford to are becoming more aggressive in recruiting faculty from other schools. Other schools and the private sector are targeting faculty in finance, MIS, marketing, economics and management. Dean Forsythe of the University of Iowa reports that 10 of his faculty members received 13 offers with salary increases at a minimum of 10% upwards of 50%. Recruiting by the tops schools takes talent away from less-endowed schools and forces these schools to keep reaching down to lower tiers of the faculty pool.

Expected Increases in Students

The traditional college age population (18-24 years olds) bottomed out at 24.7 million in 1997. Forecasts are for this age group to increase, reaching the 30.2 million peak realized in 1981 sometime around 2010. "Even without increases in the high school graduation rates, the actual numbers of undergraduates are projected to increase beginning in the mid-1990s and are expected to continue to increase for at least another decade simply because of the demographically based increase in the expected number of 17 year olds in the U.S. population" (Frances 1998).

In the past, a good portion of the college enrollment increases came from nontraditional students, age 35 and older. From 1970 to 1980, college enrollment grew from 8.5 million to 12.1 million students and about 30% of the increase in enrollment was due to students age 35 and older. During the 1980 to 1990 period, enrollment grew from 12.1 million to 13.8 million students. About half the enrollment increase was attributed to students age 35 and older. From 1990 to 1995 college enrollment grew very little, from 13.8 million to 14.3 million, less than any 5 year period in the past 50 years according to NCES data. Since 1990, however, more than 50% of the increase was due to traditional students. The traditionals actually declined in absolute numbers but the rate of attending college was higher than in the past. Projections for college attendance by the NCES indicate that the largest segment of the student population will continue to be the traditionals (Frances 1998).

The increase in student enrollments should have a direct impact on demand for faculty. Already, many schools are reporting record enrollments in business. This factor again raises concerns about the ability of schools to properly staff their positions with high quality, doctorally qualified faculty.

Growth in Part-time and Non-tenure Track Faculty

Largely in response to financial stress, institutions have increased the number of part-time, non-tenure track faculty. From the 1987-88 academic year to the 1991-92 academic year, instructional faculty and staff increased 17.6%. However, during the same period the proportion of part-timers increased from 33.1% to 41.6% (Chronister 1999). These part-time faculty usually are paid less and have no benefits. There are some exceptions based on the length of appointment and number of courses taught.

Non-tenure track faculty have also increased as a percentage of the faculty. In 1975, 52.3% of full-time faculty members were tenured while 29.1% were on tenure track and 18.6% held full-time non-tenure track positions. By 1993, 51.7% of full-time faculty were tenured, 20.8% per on tenure track and 27.3% were in non-tenure track positions. These fulltime non-tenure track faculty earned salaries that were lower than tenure-track faculty (Chronister 1999). It is expected that the number of tenure-track positions will decline as reliance on less costly part-time faculty increases. Estimates were that in 1995-96, approximately 65% of all full-time faculty were tenured while another 23% were on the tenure track (Barkume 1998). One particularly interesting finding in an AACSB/EBI survey is that non-tenure track faculty actually expressed higher levels of satisfaction than their un-tenured and tenured colleagues (Newsline 1999b; p. 1). Dan R. Dalton, Business Dean at Indiana University attributes this to their lower service and research obligations, "Perhaps teaching evaluation, too, is less of an issue since there are fewer trade-offs between the teaching, research, service and outreach missions [of schools]."

There has been growth in "clinical faculty" or "clinical professors" at many business schools to offset the shortage of qualified instructors with top quality teaching experience. It appears, therefore, that one response to the shortage of doctorally qualified faculty may be a relatively sharp increase in the hiring of part-time and non-tenure-track faculty.

Aging of Current Faculty

Need for additional income, continued career satisfaction and intellectual stimulation as well as the dismantling of mandatory retirement at age 70 have meant that there are a number of faculty that have interest in remaining in full-time employment or taking an early retirement package and teaching on a part-time basis. This seemingly would save the institution money by replacing older, more expensive tenured faculty with younger junior faculty but this is not always the case. Salary compression issues often mean that it is just as (or more) costly to hire junior faculty as maintain senior faculty. Robert Forsythe, Senior Associate Dean for Faculty and Development at the University of Iowa's business school reports that retiring senior faculty members' "salaries in many cases haven't kept up with the market in general. When you lose one of those, sometimes you have to lose one and a half or two to be able to regain enough salary to hire one new person" (Newsline 1998)

While mandatory retirement has been eliminated, changes in Social Security benefits mean that the age for full benefits will increase from 65 to 66 to 67 for participants reaching age 62 by 2005 and 2022 respectively. The penalty for retiring at age 62 will increase from 20% of normal retirement to 30% as the normal retirement age increases (Chronister 1999).

It is not clear what impact many of these changes will have on turnover among faculty. It appears that the faculty members most likely to remain past age 65 are those that are at research institutions with active research agendas and lighter teaching loads (Kreisman 1996). With respect to productivity, there is little support for a decline in research productivity with age (Lawrence and Blackburn 1988). A comprehensive review of teaching and research productivity confirms a certain stability throughout a faculty member's career, the result of a complex interaction between personal and institutional factors (Blackburn and Lawrence 1995). And senior faculty experience, leadership, and relationships may also be difficult to replace with new faculty.

Looming Bulge in Faculty Retirements

One disadvantage of losing faculty to retirement is that of talent drain. You are most likely to lose the faculty that you least want to lose. This point was also raised earlier in the discussion of the increased hiring of associate professors. As schools lose their best faculty to retirement and to a tight labor market for proven professors, smaller schools who cannot offer the perks and benefits that larger schools can offer to attract the best faculty are most likely to be hurt. In fact, one state system designed a program to encourage high-paid faculty in their late 50s and early 60s to retire, and then was dismayed when many distinguished and very mobile faculty left, creating an unexpected talent drain (Ferren 1998).

In one survey, about 26% of full-time instructional faculty age 55 and older said that they are "very likely" to retire in three years. (Higher percentages are expected to retire in Education, Engineering and the Humanities). Still, age of expected retirement

from paid employment for full-time faculty in business is between 70 and 75 years. Faculty in public higher education institutions plan to retire earlier than those in private institutions, female faculty more inclined to retire before age 65 than male faculty. To complicate matters, there appears to be a large degree of uncertainty about when to retire among faculty. Twenty nine percent of faculty in the survey could not say when they would retire (Chronister and Baldwin 1996).

A number of departments and colleges are trying to prevent faculty from utilizing phased retirements or early retirements in the fear that they would permanently lose the positions (Ferren 1998). There is also the fact that the rapidly rising stock market in the last five years has resulted in a greater number of senior faculty making the decision to retire. When the mandatory retirement age was lifted, many suspected that faculty would remain well into their 70s. However, recent environmental conditions have resulted in faculty leaving well before that. In fact, the University of Wisconsin has *no one* on its faculty over 65, out of 83 tenure-track professors (Newsline 1998). Thus, not only are there strong indications that faculty retirements may affect demand for new faculty in the new year, but the demand is likely to be somewhat unpredictable in the short run. Uncertain faculty attitudes may combine with unpredictable economic conditions to affect faculty retirement rates.

Changes in Technology

While a great deal of the focus of education technology has been on how it enhances the learning experience and increases faculty productivity, little attention has been given to the fact that changes in technology may actually result in increased faculty workloads. Already, many faculty on the leading edge of the technological revolution have complained about how adopting some of the technological innovations such as paperless courses have resulted in tremendously *increased* effort. In one study, two-thirds of college and university faculty reported that "keeping up with information technology" had proved to be stressful to them and this effect was greater for older faculty (Higher Education Research Institute 1999). As faculty have developed more "online" resources, they have also found it harder to regularly maintain these resources. Further, students may also tend to develop closer, more collegial relationships with their professors and seek to spend more time interacting with them via e-mail resulting in increasing demands on faculty time (Frances 1998). Technological changes may also have an impact on future demand for faculty. While some (primarily Deans) believe that technology will allow a few "superstars" to broadcast their lectures to audiences dispersed around the globe, thus reducing the demand for faculty in the future, others believe that changes in technology may have the effect of increasing demand for faculty (Frances 1998).

Faculty Satisfaction

Increasingly, administrators are finding that schools are hiring faculty with established track records. Not only are associate professors likely to be more mobile, having established a track record in teaching, research, and service, but associate professors are also the least satisfied with their positions. A survey of faculty satisfaction conducted by the AACSB showed that professors with associate rank are, on average, the least satisfied members of the faculty (Newsline 1999b). While several reasons have been proposed for this, it could be that associate professors have exhausted many of the differential advantages in salary and service obligations that accrue to them as assistant professors and have not yet gained the differential advantages associated with the rank of full professors. The implication of this for schools of business is that as the availability of quality ABDs goes down and the demand for faculty goes up, a lot of positions may be filled by associate professors. Schools not doing enough to retain their associate professor ranks may find themselves not only losing them to other schools, but losing the best of their faculty – the ones they can least afford to lose.

PROJECTIONS FOR HIRING FULL-TIME FACULTY

As we have seen, there are many ominous indications of turmoil in the marketing academy as we begin a new millennium. A 1.4% increase in business Ph.D. faculty vacancies was reported by the AACSB for member schools in 1997-1998. While the doctoral vacancy rate among AACSB member schools stood at only 6.6% in 1997-1998, deans at the University of Wisconsin-Madison, Vanderbilt, Duke, University of Illinois Champaign-Urbana, University of Minnesota's Carlson School and others express concern as what they see as the beginning of another cycle of shortages, not unlike that of the double digit vacancy rates of the 1980s. Strong demand for business and MBA programs among students, competition among universities for talent may explain some of the shortage. Another explanation given is rising standards and the feeling that while there may be a reasonable number of candidates the subset of candidates with the research and teaching talent, the caliber of candidates is increasing.

Over all disciplines, AACSB's 1998-99 salary survey of 460 schools showed that new faculty hiring was up 30% compared with 17.8% the previous academic year. Hiring of new associate professors was up 54.7% compared to 12.3%. Assistant professors was up 32.7% compared to 26.5% the previous year, instructor hiring rose 53.8% compared to a 14.7% increase the previous year. ABD hiring was up 10.9% compared to 14.3% the previous year (see Table 2). Most surprising, hiring of new professors in was up 53.6% while last year there was no increase or decrease in hiring. Explanations given include replacing retiring or resigning faculty, the push for new programs, developing specific industry-focused programs and interest in hiring faculty who have meaningful real-world experiences, something not usually associated with new doctorates (Newsline 1999b).

AACSB member schools project that there were 2,457 doctorally qualified (DQ) filled positions in marketing during the 1998-99 year and 148 DQ unfilled positions. The DQ vacancy rate for that year was 5.7%. Another 88 positions are projected for 1999-2000.

Salaries for marketing faculty at AACSB schools averaged $90,700 for a full professor, $70,900 for an associate, and $66,200 for an assistant professor. New hires all attracted higher salaries: $115,200 for a full professor, $76,000 for an associate, and $65,400 for an assistant. Brand new doctorates in marketing averaged $64,500 compared with brand new doctorates in Finance/Banking/Real Estate/Insurance at $81,500--currently the area paying the highest business school salaries. Many deans are experiencing "sticker shock" recruiting faculty (Newsline 1998) and retiring faculty lines may not have sufficient salary to provide a competitive starting salary.

IMPLICATIONS

The preponderance of data suggests that we will be facing instability in our marketing departments in the near future. This will come from faculty retirements, loss of qualified associates to other schools, and a pressure to fill positions with inexpensive part-time or non-tenure-track faculty. Unfortunately, as we have outlined in this paper, the actual impact of these factors on our departments is not easily predictable. It is prudent for faculty, administrators, and legislators to seriously consider these changes and its impact on their constituents. There are some important implications of these changes that must be considered:

Recruitment Issues

Recruitment is going to be challenging for many schools. Schools will have to be creative to attract faculty, particularly if they have little competitive salary discretion. If salary cannot be competitive, are there ways to enhance the offer that will appeal to the candidate? Some issues to keep in mind:

- prepare to pay higher salaries
- prepare for high competition for the better candidates
- consider advantages of experienced faculty versus new doctorates
- moving expenses may be an important consideration, especially for experienced faculty members
- mortgage/housing assistance can be important, particularly in areas with high housing costs (AACSB 1998)
- school facilities and resources may be a selling point
- market the attractiveness of the area and environment for the candidate and candidate's family
- summer support and research support, full or partial funding, may be negotiated based on "good faith" efforts of the candidate to apply for all qualifying university programs
- teaching load reductions--two-year teaching load reductions for junior faculty, more start-up research support (Newsline 1998)
- retirement/health benefits
- set-up funding for office, computer equipment
- assistance with spouse job hunting--job offers for family members (Newsline 1998)
- lobby to increase support of marketing doctoral programs to feed the pipeline
- take care to make the right hire. This may mean a lengthier interview and vetting process.
- work on developing additional resources to attract faculty
- consider "clinical faculty"

Retention Issues

Equally important to the university are retaining good faculty members.

- prepare to lose some of the best and most mobile associates
- may need to boost "retention monies", have a plan to deal with counter offers made to faculty
- offer incentives to delay retirement for productive faculty
- raise switching costs for faculty through retirement packages and other "golden handcuffs" as well as establishing and maintaining faculty relationships that help foster institutional and departmental commitment.

- consider offering leaves of absence rather than accepting resignations for faculty considering a move.

Departments and colleges need a plan for addressing staffing and retirement issues now. Obtaining resources for recruiting and retaining faculty will be a major challenge to maintain the quality of the faculty in the next decade.

Table 1

Business and Management Graduates	
	Total Doctoral
1967-1968	441
1972-1973	902
1977-1978	823
1978-1979	821
1979-1980	753
1980-1981	795
1981-1982	815
1982-1983	776
1983-1984	929
1984-1985	831
1985-1986	934
1986-1987	1062
1987-1988	1063
1988-1989	1100
1989-1990	1093
1990-1991	1185
1991-1992	1185
1992-1993	1339
1993-1994	1364
1994-1995	1394
1995-1996	1368

Table 2

AACSB New Faculty Hiring Percentage Change		
	1998-1999	**1997-1998**
New Assistants	32.7%	26.5%
Instructors	53.8%	14.7%
ABDs	10.9%	14.3%
New Faculty Overall	30.0%	17.8%

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