Business schools facing growing faculty shortage

Salaries are rising as the number of people with doctorates in business is falling.

By LISA CORNWELL
Associated Press

When it comes to teachers, business schools are getting a lesson in supply and demand. The schools have been competing for students for years as the number of master in business administration programs at universities has soared. Now the schools also are competing for a dwindling supply of doctoral business faculty to teach those students.

Major accrediting groups and business school officials say the diminishing supply of people with doctorates in business and the rapidly increasing demand for their services globally have pushed doctoral salaries through the roof. It's also forced business schools to devise ways to effectively compete for doctoral faculty and find alternatives for filling vacant faculty positions.

"There are two to three times the positions available as there are people to fill them," said Richard Sorensen, board chairman for the Association to Advance Collegiate Schools of Business International. The Tampa, Fla.-based organization accredits collegiate business schools offering undergraduate, master's and doctoral degree programs.

Business education experts say a continuing shortage of doctoral faculty in business will hurt the quality of research and teaching and leave future business executives less prepared for leadership roles in a global economy.

Roger Jenkins, dean of the Richard T. Farmer School of Business at Miami University in Oxford, Ohio, described the shortage as severe.

"There is a huge cut in the supply and no turnaround in sight," he said.

Those in business education say that several factors have combined to create the imbalance.

Besides the growing number of business schools in the United States, there has been an exploration of such schools in other countries - schools that are seeking American-trained faculty with doctoral degrees.

There are 80 AACSB-accredited business schools outside of the United States, compared with 21 five years ago, said Sorensen, who is also dean of the Pamplico College of Business at Virginia Tech.

Jenkins said budget cuts to state universities have led many schools to cut back their doctoral business programs, which are among the most expensive degree programs. The schools bear most of the cost of those programs, providing teaching stipends and tuition waivers to students who spend four years or more earning doctoral degrees.

"The number of Ph.D.s coming out of the large institutions has been decreasing about 20 percent a year for the past three to four years," Jenkins said.

The expense and time required for a doctoral degree also discourages students who can make much higher salaries in business.

A 24-year-old with an MBA to look at spending at least four years in a graduate assistant's stipend or go into business with a starting salary of perhaps $60,000 or more, said Jenkins.

"The projections in the U.S. shortage of business Ph.D.s was expected to be 1,142 by 2008 and 2,419 by 2013," Jenkins said.

Jenkins said the Association to Advance Collegiate Schools of Business International; The U.S. Department of Education; National Center for Education Statistics, Higher Education General Information Survey; and Jenkins revised his numbers.

Brett Smith, 36, of Oxford, is finishing his doctoral degree at the University of Cincinnati and will start teaching full time at the Miami business school in the fall.

"They said we gave them no fuel to go forward," he said.

Smith, who is a former teacher, said other solutions to the shortage problem include hiring people with doctoral degrees in related areas such as finance, then teaching in business schools.

Business schools are taking measures to remain competitive and searching for alternatives to fill some vacant faculty positions.

Some, like Miami, are adding student fees to provide more money for facilities and for competitive salaries for new doctoral faculty. Total annual compensation for new hires can range from $100,000 to $180,000 - often much higher than salaries for business Ph.D.s who have been on school faculties for years.

Miami's recent announcement that its business school students will pay a premium of $25 per credit hour beginning next year has prompted a flurry of e-mails from other business school deans who are considering similar increases.

"Nothing has been offered that will provide total long-term solutions," said Arthur Krause, dean of the George L. Argyros School of Business and Economics at Chapman University in Orange, Calif. "But business schools know they must become more creative in attracting students and faculty."