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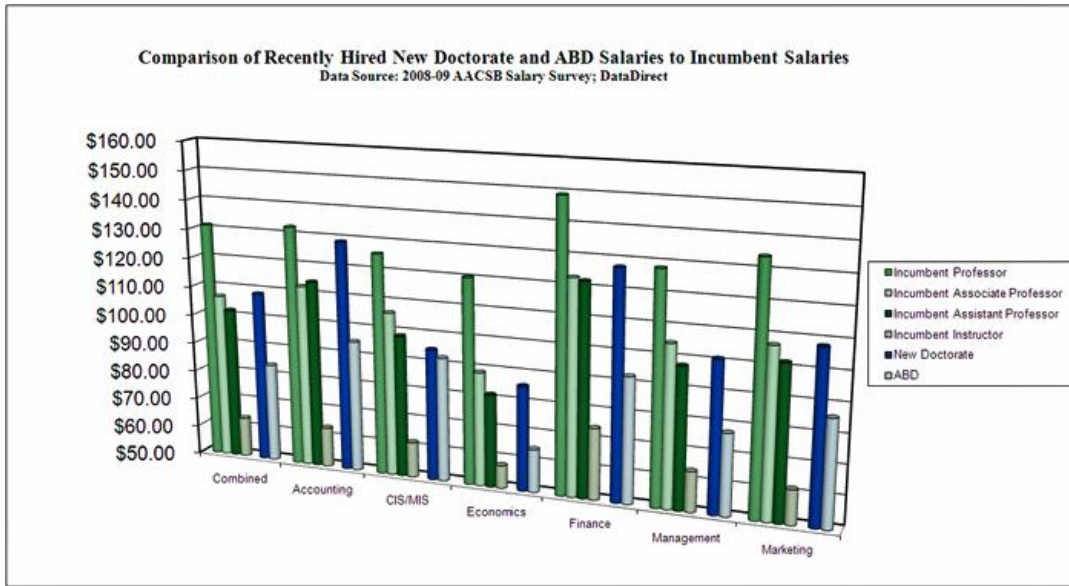
## **New Doctorates and ABDs Encounter Higher Salaries than Experienced Faculty**

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Just the other day, there was an advertisement that flashed across the homepage of a university Web site. Its goal was to encourage students not to withdraw from college during tough financial times. That same day, a university accountant mentioned that they had to prepare new budgets to reflect the possibility of 10%, 20%, or 30% resource cuts.

Throughout the last decade, salaries at business schools have been on an accelerated track upward. This is now true for new doctors and ABDs. Even with reductions in budgets, competitive compensation for new business school faculty appears to be one line item that will remain constant.

Compensation for new doctorates and ABD hires compared to the average salaries paid to all faculties has become one of the most interesting pieces of data we are seeing at AACSB. Of the over 29,000 faculty members at the 523 AACSB member schools that were surveyed by the 2008-09 AACSB Salary Survey, 9.3% were newly hired last year. Nearly 20% of the new hires in 2008-09 were new doctorates or ABDs. As you can see in Figure 1, new doctorates consistently averaged higher salaries than existing instructors and often surpassed the salaries paid to assistant professors as well. In accounting, the average salary for new doctorates nearly reached that of full professors.



**Figure 1.**

This trend could be both exciting and deflating. On one hand, the number of faculty shortages may slightly decline due to a greater number of incoming faculty who are seeking the higher starting salaries. New faculty and staff members at business schools could become more loyal to their respective institutions and have an increased level of research and teaching productivity. Seasoned faculty could behave opposite by showing less loyalty due to the perception that they must change schools to experience significant pay increases. On the other hand, the high salaries may create concern for budget managers as they could be forced to induce hiring freezes, reduce initial salary offers, and even decide not to renew certain faculty contracts. This may also indicate that professional sectors are searching for individuals with some research skills and attracting new doctorates with high salary offers in turn forcing business schools to offer competing wages.

As of now, even with the looming potential of future budget cuts, the data appears to show that business schools will continue to keep high wages on the menu.