

Summer 2012

AHFME Academic Member 2011 Total Annual Earnings Survey

Raymond S. Schmidgall
schmidga@bus.msu.edu

Follow this and additional works at: <https://scholarworks.umass.edu/jhfm>

Recommended Citation

Schmidgall, Raymond S. (2012) "AHFME Academic Member 2011 Total Annual Earnings Survey," *Journal of Hospitality Financial Management*: Vol. 20 : Iss. 1 , Article 7.

Available at: <https://scholarworks.umass.edu/jhfm/vol20/iss1/7>

This Invited Article is brought to you for free and open access by ScholarWorks@UMass Amherst. It has been accepted for inclusion in Journal of Hospitality Financial Management by an authorized editor of ScholarWorks@UMass Amherst. For more information, please contact scholarworks@library.umass.edu.

AHFME Academic Member 2011 Total Annual Earnings Survey

Raymond S. Schmidgall

Financial management educators are respected as teachers and researchers, but how well are they paid by their institutions? Further, how much additional income do they earn from their employers beyond their annual salaries? What are their external earnings? How have their total earnings changed over the past several years? How satisfied are they with their salaries, their positions and their professional careers? In order to determine answers to these questions and others, a questionnaire was mailed to the 60 educator members of AHFME in May 2012. This article is based on the answers of 24 (40%) members who responded.

Table 1 reflects selected characteristics of the respondents. The groups of respondents by faculty rank were nine professors, eight associate professors, and six assistant professors. One respondent has the title of lecturer. Five (21%) of the respondents are administrators of hospitality programs. The locations of the respondents' academic units were separate colleges or schools, colleges of business and human ecology, and other colleges. The highest degree granted by the universities of the respondents for the hospitality discipline ranged from a bachelor's degree (21%) and master's degree (38%) to a Ph.D. (38%). At the institution of one respondent only hospitality courses are offered but no hospitality degrees are awarded.

Other characteristics of respondents included the following:

- Sixty-seven percent of the respondents were employed by public universities while 33% were employed by private universities.
- Seventeen percent of the respondents were female while obviously the remaining 83% were male.
- The specializations of respondents included six in accounting (25%), ten in finance (42%), and the remaining eight (33%) in other areas. Other areas of expertise indicated by AHFME members include real estate, information technology and tourism.
- Twenty-three respondents have earned their Ph.D. or J.D. and the other respondent has earned a masters degree.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	<i>%</i>
Assistant Professor	<i>25%</i>
Associate Professor	33
Professor	38
Other	4
Total	100%
Part B	
Department Location	
Business College	<i>46%</i>
Human Ecology College	13
Separate College	29
Other	12
Total	100%
Part C	
Highest Hospitality Degree	
Bachelor's	<i>21%</i>
Master's	38
Ph.D.	38
Other	3
Total	100%

Two respondents had earned a CPA, two the CHAE, three the CHE, and four members had other professional certifications such as CHTP and CMA.

Respondents, on average, have been with their current institutions 11.5 years. Six (25%) have less than five years with their current institutions while nine (38%) have 20 or more years. Four (17%) have five to ten years of experience and five (20%) have between 11 and 20 years of experience. The average duration of employment with education organizations was 17 years; thus, on average, respondents have been with their current institutions for 59% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from 0 years (three respondents) to 25 years. The median response was six years. Fourteen (58%) reported less than 10 years, eight (33%) reported 10 to 15 years, and two (9%) reported more than 15 years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$67,000 to \$185,000. The mean average salary was \$119,500 and the largest group of respondents (eleven or 47%) received greater than \$115,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$70,000	1	4%
\$70,000-\$85,000	5	20
\$85,000-100,000	1	4
\$100,000-\$115,000	6	25
\$115,000-\$130,000	3	13
\$130,000-\$145,000	1	4
\$145,000-\$160,000	3	13
>\$160,000	4	17
Total	24	<u>100%</u>

As shown in Table 3, the range of mean average annual salaries varies from \$83,351 for assistant professor to \$148,278 for full professors. Six respondents, who indicated they were administrators, reported salaries ranging from \$67,000 to \$185,000 with a mean of \$134,000.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	6	\$67,000 – \$107,107	\$83,351
Associate Professor	8	77,000 – 160,000	119,750
Professor	9	112,000 – 185,000	148,278
Other – Lecturer	1	75,393	75,393

The range and average salary by the location of respondents' academic units are shown in Table 4.

Table 4
Salaries by location of academic unit

Location	Number of Respondents	Range	Mean
Business college	11	\$77,000 – \$170,000	\$117,737
Human ecology	3	75,000 – 185,000	140,000
Separate college	7	75,393 – 175,000	128,270
Other	3	67,000 – 185,000	119,500

Based on the above tabulation, the range of average salaries by the location of academic unit is \$22,263. AHFME members “located” in colleges of human ecology earn the highest average salaries, while those faculty whose hospitality programs are located in business colleges have the lowest average salaries. Average annual salaries of faculty in human ecology colleges and separate colleges are above \$120,000 and those in other locations are below \$120,000.

The ranges and averages of salaries by specialization are shown in Table 5. AHFME members reported two major specializations: accounting and finance. Eight respondents identified other areas. Of the major areas of specialization, the higher average salary is paid to faculty specializing in other areas as those specializing in accounting and finance were substantially below.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	6	\$77,000 – \$165,000	\$118,000
Finance	10	67,000 – 175,000	102,300
Other	8	78,000 – 185,000	142,125

Satisfaction

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, three (13%) indicated they were very satisfied with their annual salaries, while 20 (83%) revealed that they were reasonably satisfied. The remaining person (4%) indicated dissatisfaction. Clearly, the majority of AHFME respondents are satisfied with their salaries. Eight respondents (33%) indicated they were very satisfied with their current positions while 14 (58%) are reasonably satisfied. Two people were dissatisfied to some degree. With regard to their careers, 10 respondents (42%) indicated they were very satisfied, while 13 (54%) indicated they were reasonably satisfied. One person (4%) indicated dissatisfaction. Therefore, overall the percentage of respondents either very or reasonably satisfied with their annual salary, current positions, and professional careers, was 96%, 91%, and 96%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Nineteen of the respondents (79%) indicated they received additional compensation from their universities. This compensation often (13 of the 24) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$4,200 to \$30,000. The average (mean) summer school compensation was \$15,991 while the median amount was \$15,000. Eight respondents were paid by their universities on an overload basis that ranged from \$5,000 to \$42,000. The median and mean amounts were \$9,000 and \$15,438, respectively. Another six respondents received “other compensation” from their universities. These amounts ranged from \$9,000 to \$30,000 while the median and mean were \$10,000 and \$13,583, respectively. Some examples of this other compensation included pay for research and seminars. The total additional income received by the 19 AHFME members from their universities ranged from \$8,000 to \$72,000. The median was \$11,000 while the mean was \$16,671.

External Earnings

AHFME members were further queried regarding their earnings from sources external to their institutions. Choices included on the questionnaire were honorariums, royalties, consulting fees, and other. Table 6 contains a summary of members’ responses. Royalties was the most common source of noninstitutional income, as 9 members (38%) earned a median average of \$6,000 per year. Four members reported consulting income and five reported honoraria. Three members have other income sources. In total, 17 (71%) of the AHFME members earned income from external sources ranging from \$250—\$56,000. The mean average external earning for respondents reporting external earnings was \$8,463 and the median average was \$3,000.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	5	\$1,000 – \$45,000	\$5,000	\$12,000
Royalties	9	350 – 40,000	6,000	13,317
Consulting	4	2,000 – 5,000	4,000	3,750
Other	3	250 – 5,000	3,000	2,750
All Sources	17	250 – 56,000	3,000	11,947

Total Earnings

The average annual total earning of reporting AHFME members is \$144,633. The range of total earnings is \$75,000 to \$293,000. Eighteen individuals (75%) reported total earnings in excess of \$100,000 while eight individuals (33%) reported total earnings in excess of \$150,000. Table 7 reveals the total average earnings of AHFME members by faculty rank. As expected, full professors have the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors of \$94,776 and full professors’ average earnings of \$184,000 is \$89,234. AHFME members who are full professors earn an average of 94% more than assistant professors. However, this research conducted over many years also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 7
Total earnings by faculty rank

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Assistant Professor	6	\$75,000 – \$123,107	\$94,776	\$89,000
Associate Professor	8	80,000 – 243,000	146,363	126,500
Professor	9	121,000 – 293,000	184,000	177,500
Other	1	75,643	75,643	75,643

A comparison of the average salary by faculty rank and total earnings by rank is shown in Table 8.

Table 8
Comparison of average salaries and total earnings by faculty rank

	Average Base Salary	Average Total Earnings	Diff. \$	Diff. %
Assistant Professor	\$83,351	\$94,776	\$11,425	12%
Associate Professor	119,750	146,363	26,613	18
Professor	148,278	184,000	35,722	19
Other	75,393	75,643	250	1%

To some extent, the higher the faculty rank, the larger the dollar difference between the average (mean) base salary and total earnings. The differences as shown above are in both absolute and relative terms. Assistant professors on the average earn \$11,425 more than their base salaries, which is a 12% difference, while the full professors' annual total earnings are \$184,000 which is 19% greater than their average base salaries of \$148,278. Responding members who are associate professors had an increase in their total compensation of \$26,613 from their base salary which was an 18% increase in compensation.

Differences Based on Certification, Type of Institution, and Gender

For many years these survey results have revealed types of certification, type of institution and gender of respondents. The median averages are shown for salary, total compensation received from their universities, and total compensation for these categories in Table 9.

Table 9
Media compensation by type of institution, gender, and certification

Part A	Type of Institution		
	Public (n=16)	Private (n=8)	Difference
Annual Salary	\$121,225	\$116,049	\$5,176
University Total	137,857	132,799	5,058
Total Compensation	146,222	141,455	4,767
Part B			
Part B	Gender		
	Female (n=4)	Male (n=20)	Difference
Annual Salary	\$100,000	\$123,400	\$23,400
University Total	110,550	141,295	30,745
Total Compensation	111,263	151,308	40,045
Part C			
Part C	Certification		
	No (n=16)	Yes (n=8)	Difference
Annual Salary	\$116,681	\$125,138	\$8,457
University Total	131,618	145,276	13,658
Total Compensation	136,946	160,007	23,061

Based on figures reported in Part A of Table 9, 16 of the academicians were employed by public institutions and eight by private institutions. Across all three levels of compensation, that is, annual salary to total compensation, publicly employed professors earn more. The mean salary difference is \$5,176 per year, while the mean total compensation difference is \$4,767.

Differences based on gender are clear, though only four women responded to this survey. Women earned a median average salary of \$23,400 less and an average of \$30,745 less from their universities. Overall all women received \$40,045 less than males in total compensation.

Finally, certification does appear to make a difference. Eight respondents of the 24 (33%) have at least one professional certification. The certified respondents received an average of \$8,457 more in salary and \$23,061 more in total compensation than the respondents without any certification.

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989—2010¹. A brief comparison of the results is shown in Table 10. Overall, average salaries increased from 1989-1991, dropped slightly in both 1992 and 1993, increased significantly from 1994 to 1996, dropped slightly in 1997, increased annually for 1998 through 2002, dropped slightly in 2003, increased in 2004, dropped significantly in 2005, increased in both 2006 and 2007, dropped in 2008-2010, and have increased in 2011.

¹ See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-19.

Table 10
Comparative salaries and total earnings, 1989-2011

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Average Annual Salaries	\$43,000	\$50,820	\$51,613	\$51,491	\$51,428	\$57,390	\$59,263	\$70,473	\$68,827	\$70,125	\$70,434	\$74,259
Average Total Annual Earnings	65,415	69,106	68,642	66,479	70,460	75,128	74,106	88,186	93,533	89,825	96,620	97,373
Instructor	\$38,250	\$39,400	\$40,765	\$43,760	\$43,000	\$27,000	\$37,337	NA	\$29,000	\$75,500	\$12,000	\$73,333
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360	64,875	66,583	61,938
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729	85,335	103,070	92,727
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408	126,447	127,082	131,618
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775	91,943	93,805

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average Annual Salaries	\$77,619	\$87,250	\$86,520	\$94,075	\$88,502	\$97,906	\$112,439	\$112,205	\$112,153	\$104,979	\$119,500
Average Total Annual Earnings	102,456	115,111	113,637	119,117	122,599	127,007	144,897	148,931	153,505	128,195	126,054
Instructor	\$40,000	\$53,162	\$35,500	\$45,000	\$45,500	\$45,000	NA	NA	NA	NA	NA
Assistant Professor	79,967	90,621	79,371	87,022	98,333	95,038	80,333	87,305	94,915	88,998	94,776
Associate Professor	89,561	103,732	106,786	115,464	132,530	127,141	148,967	168,387	156,844	127,114	146,363
Full Professor	148,803	152,623	152,779	161,227	164,833	152,877	189,250	194,636	215,663	173,180	184,000
Administrator	91,191	104,841	113,964	121,318	102,375	95,967	167,875	196,833	217,500	169,875	159,592

*Not included in the 1989 survey.

Comparisons to Others

It is interesting to compare the above results to the average compensation of financial executives in the hospitality industry and to other educators. The annual compensation for HFTP members including salary, deferred compensation, and bonuses for 2009 by position was as follows.² More current figures are expected to be published in December 2012.

Accounting Manager	\$69,569
Assistant controller	73,301
CFO	143,119
Controller/Comptroller	94,829
Corporate Controller	108,868
IT Director	131,320
Regional Controller	106,941
VP Finance	199,926

The Chronicle of Higher Education reported average salaries for 2011-2012 by faculty rank across all institutions with academic ranks as follows:³

Professor	\$113,176
Associate Professor	78,565
Assistant Professor	66,564
Instructor	47,847

Clearly, hospitality financial management professors appear to be compensated more generously than educators in general and some counterparts in the hospitality industry.

Summary

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$119,500. The average salary varied by rank from \$83,351 for an assistant professor to \$148,278 for full professors. Salaries of AHFME members focusing on topics other than accounting and finance topped the list.

Seven-nine percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$16,671.

The most common source of external earnings was royalties: Sixty-seven percent of the respondents reported external earnings that averaged \$13,043.

The mean total annual earnings that respondents reported for 2011 ranged from \$75,000 to \$293,000. The mean average was \$144,633. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from 12% for associate professors to a 19% increase by full professors.

² Tanya Venegas. 2010 HFTP Compensation and Benefits Survey Report," *The Bottomline*, September, 2010, 7-38.

³ Average salaries of full-time faculty members, 2011-2012. *The Chronicle of Higher Education*, April 13, 2012, A14.

Finally 96% of the respondents reported some degree of satisfaction with their salaries while the remaining 4% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 91% and 96%, respectively, reported some degree of satisfaction.

Raymond S. Schmidgall, Ph.D., is the Hilton Hotels Professor of Hospitality Financial Management in *The School of Hospitality Business* at Michigan State University.