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## International Association of Hospitality Financial Management Educators (iAHFME) Academic Member 2017 Total Annual Earning

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## International Association of Hospitality Financial Management Educators (*iAHFME*) Academic Member 2017 Total Annual Earnings

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### ABSTRACT

This study uses survey research to determine the 2017 annual earnings of hospitality financial management educators. Fifty percent of *iAHFME* members affiliated with educational institutions responded. Survey results showed that for 2017, annual base salaries of *iAHFME* members ranged from \$71,962 to \$280,000. The lowest-paid member was an assistant professor and the highest-paid member, a full professor. Many respondents supplemented their base salaries by teaching during summer school, consulting, or both. The total annual earnings of *iAHFME* members ranged from \$81,000 to \$306,000. Survey results also showed that hospitality financial management educators appear to be more highly compensated than the average college professor and their counterparts in the lodging industry.

**Keywords:** *accounting, finance, hospitality, royalties, salary*

### Introduction

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 56 educator members of *iAHFME* in April 2018. This article is based on the answers of 28 (50%) members who responded.

Table 1 reflects selected characteristics of the respondents. The groups of respondents by faculty rank were 10 full professors, 10 associate professors, six assistant professors, and one instructor. Three (11%) of the respondents were administrators of hospitality programs. The locations of the respondents' academic units were separate colleges or schools (44%), colleges of business (41%), and human ecology (15%). The highest degree granted

by the universities of the respondents for the hospitality discipline ranged from a bachelor's degree (11%) and master's degree (43%) to a PhD (46%).

Other characteristics of respondents included the following:

Seventy-five percent of the respondents were employed by public universities whereas 25% were employed by private universities. Eleven percent of the respondents were female; 89% were male.

The specializations of respondents included six in accounting (21%), 13 in finance (46%), and the remaining nine (33%) in other areas. Other areas of expertise indicated by *iAHFME* members include law, real estate, and strategic management.

Twenty-three (82%) respondents to this questionnaire have earned their PhD.

Three respondents had earned their CPA, four the CHAE (from HFTP), five the CHE (from Educational Institute), and four members had other professional certifications such as CFA, CHIA, and CHT.

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**Table 1.** Selected Characteristics of the Respondents

| Part A                     |            |
|----------------------------|------------|
| Faculty Rank               | Percentage |
| Instructor                 | 4%         |
| Assistant Professor        | 21%        |
| Associate Professor        | 36%        |
| Professor                  | 39%        |
| Total                      | 100%       |
| Part B                     |            |
| Department Location        |            |
| Business College           | 41%        |
| Human Ecology College      | 15%        |
| Separate College           | 44%        |
| Total                      | 100%       |
| Part C                     |            |
| Highest Hospitality Degree |            |
| Bachelor's                 | 11%        |
| Master's                   | 43%        |
| PhD                        | 46%        |
| Total                      | 100%       |

Respondents, on average, had been with their current institutions eight years. Four (14%) had fewer than 5 years with their current institutions, and eight (29%) had 20 or more years. Twelve (43%) had 5 to 10 years of experience and four (14%) had between 11 and 20 years of experience. The average duration of employment with education organizations was 14 years; thus, on average, respondents had been with their current institutions for 57% of their educational careers. Members were queried regarding their years of industry experience. Responses ranged from zero years (one respondent) to 22 years. The median response was eight years. Ten (38%) reported 10 to 15 years, and three (12%) reported more than 15 years.

### Salaries

The annual salaries of responding *iAHFME* members, excluding additional university compensation such as summer school pay, ranged from \$71,962 to \$280,000. The mean average salary was \$123,579, and the two largest groups of respondents (eight [30%]) received between \$80,000 and \$100,000 and five individuals (18%) received between \$100,001 and \$120,000, and another five (18%) received between \$120,001 and \$140,000, as shown in Table 2.

**Table 2.** Annual Salaries of *iAHFME* Members

| Salary Levels       | Number of Respondents | Percentage |
|---------------------|-----------------------|------------|
| <\$80,000           | 4                     | 15%        |
| \$80,000–\$100,000  | 8                     | 30%        |
| \$100,001–\$120,000 | 5                     | 18%        |
| \$120,001–\$140,000 | 5                     | 18%        |
| \$140,001–\$160,000 | 2                     | 8%         |
| >\$160,000          | 3                     | 11%        |
| Total               | 27                    | 100%       |

**Table 3.** Average Salaries by Faculty Rank/Administrators

| Rank                | Number of Respondents | Range               | Mean      |
|---------------------|-----------------------|---------------------|-----------|
| Instructor          | 1                     | \$130,000           | \$130,000 |
| Assistant Professor | 6                     | \$71,962–\$100,000  | \$82,844  |
| Associate Professor | 10                    | \$80,000–\$135,000  | \$105,300 |
| Professor           | 10                    | \$99,560–\$280,000  | \$165,656 |
| Administrators      | 3                     | \$118,000–\$280,000 | \$225,333 |

**Table 4.** Salaries by Location of Academic Unit

| Location         | Number of Respondents | Range              | Mean      |
|------------------|-----------------------|--------------------|-----------|
| Business College | 10                    | \$99,560–\$187,000 | \$130,356 |
| Human Ecology    | 4                     | \$79,000–\$105,000 | \$87,250  |
| Separate College | 12                    | \$71,962–\$280,000 | \$128,672 |

As shown in Table 3, the range of average annual salaries varied from \$82,844 for assistant professors to \$165,656 for full professors. Three respondents, who indicated they were administrators, reported salaries averaging \$225,333.

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

Based on the above tabulation, the range of average salaries by the location of academic unit was \$43,106. Members in business colleges earned the highest average salaries, whereas those faculty whose hospitality programs are located in colleges of human ecology had the lowest average salaries. Average annual salaries of faculty in separate colleges were \$128,672.

The ranges and averages of salaries by specialization are shown in Table 5. Twelve *iAHFME* members reported specializing in finance, six in accounting, and nine respondents identified other areas. Of the major areas of specialization, the higher average salary was paid to faculty specializing in accounting.

**Table 5.** Salaries by Specialization

| Specialization | Number of Respondents | Range              | Mean      |
|----------------|-----------------------|--------------------|-----------|
| Accounting     | 6                     | \$71,962–\$280,000 | \$166,920 |
| Finance        | 12                    | \$80,000–\$159,000 | \$115,127 |
| Other          | 9                     | \$73,500–\$145,000 | \$104,011 |

### Satisfaction

Respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, five (18%) indicated they were very satisfied with their annual salaries, whereas 15 (56%) revealed that they were reasonably satisfied. The remaining seven (26%) indicated some level of dissatisfaction. Clearly, the majority of *iAHFME* respondents are satisfied with their salaries. Nine respondents (33%) indicated they were very satisfied with their current positions, and 15 (56%) were reasonably satisfied. Three respondents (11%) indicated they were dissatisfied or very dissatisfied. Regarding their careers, 15 respondents (56%) indicated that they were very satisfied, whereas 11 (41%) indicated they were reasonably satisfied, and the remaining person (3%) indicated dissatisfaction. Therefore, overall the percentage of respondents who were either very or reasonably satisfied with their annual salaries, current positions, and professional careers were 74%, 89%, and 97%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators.

### Additional Compensation

Eighteen of the respondents (64%) indicated that they received additional compensation from their universities. This compensation for 12 of the 18 was for individuals on a 9- or 10-month contract who were paid additionally for teaching summer school. The summer school compensation ranged from \$3,600 to \$36,000. The average (mean) summer school compensation was \$14,341. Four respondents were paid by their universities on an overload basis that ranged from \$3,000 to \$36,000. Another eight respondents received "other compensation" from their universities. These amounts ranged from \$2,500 to \$60,000. Some examples of this other compensation included pay for research and seminars. The total additional income received by the 18

*iAHFME* members from their universities ranged from \$3,600 to \$96,000. More details are provided in Table 6.

### External Earnings

Members were further queried regarding their earnings from sources external to their institutions. Choices included on the questionnaire were honoraria, royalties, consulting, and other. Table 7 contains a summary of members' responses. Honoraria and consulting were the most common sources of non-institutional income; six members (21%) earned honoraria, whereas eight members (29%) reported consulting income. The average honoraria and consulting income were \$3,792 and \$22,750. Four members reported royalties and six reported other. In total, 17 (61%) of the *iAHFME* members earned income ranging from \$500 to \$120,000 from external sources. The mean external earnings for respondents reporting external earnings was \$50,000.

### Total Earnings

The average annual total earnings of reporting *iAHFME* members was \$155,517. The range of total earnings was \$85,000 to \$306,000. Table 8 reveals the total average earnings of *iAHFME* members by faculty rank. As expected, full professors had the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors of \$112,309 and full professors'

**Table 6.** Additional Internal Earnings

| Type of Income | Number of Respondents | Range            | Mean     |
|----------------|-----------------------|------------------|----------|
| Summer School  | 12                    | \$3,600–\$36,000 | \$14,341 |
| Overload       | 4                     | \$3,000–\$36,000 | \$16,000 |
| Other          | 8                     | \$2,500–\$60,000 | \$20,819 |
| All Sources    | 18                    | \$3,600–\$96,000 | \$22,369 |

**Table 7.** External Earnings

| Type of Income | Number of Respondents | Range             | Mean     |
|----------------|-----------------------|-------------------|----------|
| Honoraria      | 6                     | \$500–\$10,000    | \$3,792  |
| Royalties      | 4                     | \$700–\$100,000   | \$34,425 |
| Consulting     | 8                     | \$2,000–\$100,000 | \$22,750 |
| Other          | 6                     | \$5,000–\$50,000  | \$19,542 |
| All Sources    | 17                    | \$500–\$120,000   | \$50,000 |

**Table 8.** Total Earnings by Faculty Rank/Administrators

| Faculty Rank        | Number of Respondents | Range of Total Earnings | Mean      |
|---------------------|-----------------------|-------------------------|-----------|
| Instructor          | 1                     | \$130,000               | \$130,000 |
| Assistant Professor | 6                     | \$130,000–\$208,500     | \$112,309 |
| Associate Professor | 10                    | \$85,000–\$306,000      | \$137,225 |
| Professor           | 10                    | \$103,160–\$280,000     | \$202,286 |
| Administrator       | 3                     | \$136,700–\$280,000     | \$231,567 |

average earnings of \$202,286 was \$89,977. Members who were full professors earn an average of 80% more than assistant professors. However, this research, conducted over 28 years, also suggests that as assistant professors earn their rank, much larger paychecks will come.

A comparison of the average salary and total earnings by faculty rank is shown in Table 9.

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 absolute terms and on a relative (%) basis. Assistant professors on the average earned \$29,465 more than their base salaries, which is a 26% difference, whereas the full professors' annual total earnings were \$202,286, which is 18% greater than their average base salaries of \$165,656. Responding members who were associate professors had an increase in their total compensation of \$31,925 from their base salary, which is a 23% increase in compensation.

**Table 9.** Comparison of Average Salaries and Total Earnings by Faculty Rank/Administrators

| Faculty Rank        | Average Base Salary | Average Total Earnings | Difference in Dollars | Difference in Percentage |
|---------------------|---------------------|------------------------|-----------------------|--------------------------|
| Instructor          | \$130,000           | \$130,000              | \$0                   | 0%                       |
| Assistant Professor | \$82,844            | \$112,309              | \$29,465              | 26%                      |
| Associate Professor | \$105,300           | \$137,225              | \$31,925              | 23%                      |
| Professor           | \$165,656           | \$202,286              | \$36,630              | 18%                      |
| Administrator       | \$225,333           | \$231,567              | \$6,234               | 3%                       |

**Table 10.** Mean Compensation by Type of Institution and Certification

| Part A             | Type of Institution |                 |            |
|--------------------|---------------------|-----------------|------------|
|                    | Public (n = 20)     | Private (n = 7) | Difference |
| Annual Salary      | \$112,453           | \$155,366       | \$42,913   |
| University Total   | \$125,280           | \$176,237       | \$50,957   |
| Total Compensation | \$137,515           | \$206,951       | \$69,436   |
| Part B             | Certification       |                 |            |
|                    | No (n = 14)         | Yes (n = 13)    | Difference |
| Annual Salary      | \$129,221           | \$117,502       | \$11,720   |
| University Total   | \$148,261           | \$127,970       | \$20,290   |
| Total Compensation | \$167,954           | \$142,124       | \$25,809   |

## Differences Based on Certification and Type of Institution

For 28 years the results of these surveys have revealed types of certification and types of institution. The mean averages for this 2017 survey are shown for salary, total compensation received from universities, and total compensation for these categories in Table 10.

Based on figures reported in Part A of Table 10, 20 of the academics were employed by public institutions and seven by private institutions. Across all three levels of compensation, that is annual salary to total compensation, privately employed professors earned more. The mean salary difference was \$42,913 per year, whereas the mean total compensation difference was \$69,436.

Finally, certification does not appear to make a difference. Thirteen respondents of the 27 (48%) had at least one professional certification. The certified respondents received an average of \$11,720 less in salary and \$25,809 less in total compensation than the respondents without any certification.

## Comparisons to Prior Years

Similar studies of total annual earnings of iAHFME members were conducted for 1989 through 2016 (Schmidgall, 1990–2017). A brief comparison of the results is shown in Table 11. Overall, average salaries increased from 1989 to 1991, dropped slightly

**Table 11.** Comparative Salaries and Total Earnings, 1989–2017

|                               | 1989      | 1990      | 1991      | 1992      | 1993      | 1994      | 1995      |           |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Average Annual Salaries       | \$43,000  | \$50,820  | \$51,613  | \$51,491  | \$51,428  | \$57,390  | \$59,263  |           |
| Average Total Annual Earnings | \$65,415  | \$69,106  | \$68,642  | \$66,479  | \$70,460  | \$75,128  | \$74,106  |           |
| Instructor                    | \$38,250  | \$39,400  | \$40,765  | \$43,760  | \$43,000  | \$27,000  | \$37,337  |           |
| Assistant Professor           | \$52,540  | \$59,096  | \$53,775  | \$52,680  | \$56,000  | \$49,072  | \$53,086  |           |
| Associate Professor           | \$65,511  | \$66,152  | \$71,057  | \$65,612  | \$73,433  | \$69,849  | \$73,795  |           |
| Full Professor                | \$99,207  | \$96,917  | \$90,700  | \$95,391  | \$96,478  | \$108,783 | \$99,745  |           |
| Administrator                 | *         | \$71,667  | \$64,842  | \$70,622  | \$77,213  | \$71,908  | \$72,750  |           |
|                               | 1996      | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      |           |
| Average Annual Salaries       | \$70,473  | \$68,827  | \$70,125  | \$70,434  | \$74,259  | \$77,619  | \$87,250  |           |
| Average Total Annual Earnings | \$88,186  | \$93,533  | \$89,825  | \$96,620  | \$97,373  | \$102,456 | \$115,111 |           |
| Instructor                    | N.A.      | \$29,000  | \$75,500  | \$12,000  | \$73,333  | \$40,000  | \$53,162  |           |
| Assistant Professor           | \$64,386  | \$68,360  | \$64,875  | \$66,583  | \$61,938  | \$79,967  | \$90,621  |           |
| Associate Professor           | \$77,694  | \$82,729  | \$85,335  | \$103,070 | \$92,727  | \$89,561  | \$103,732 |           |
| Full Professor                | \$115,493 | \$121,408 | \$126,447 | \$127,082 | \$131,618 | \$148,803 | \$152,623 |           |
| Administrator                 | \$82,200  | \$105,679 | \$94,775  | \$91,943  | \$93,805  | \$91,191  | \$104,841 |           |
|                               | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      |           |
| Average Annual Salaries       | \$86,520  | \$94,075  | \$88,502  | \$97,906  | \$112,439 | \$112,205 | \$112,153 |           |
| Average Total Annual Earnings | \$113,637 | \$119,117 | \$122,599 | \$127,007 | \$144,897 | \$148,931 | \$153,505 |           |
| Instructor                    | \$35,500  | \$45,000  | \$45,500  | \$45,000  | N.A.      | N.A.      | N.A.      |           |
| Assistant Professor           | \$79,371  | \$87,022  | \$98,333  | \$95,038  | \$80,333  | \$87,305  | \$94,915  |           |
| Associate Professor           | \$106,786 | \$115,464 | \$132,530 | \$127,141 | \$148,967 | \$168,387 | \$156,844 |           |
| Full Professor                | \$152,779 | \$161,227 | \$164,833 | \$152,877 | \$189,250 | \$194,636 | \$215,663 |           |
| Administrator                 | \$113,964 | \$121,318 | \$102,375 | \$95,967  | \$167,875 | \$196,833 | \$217,500 |           |
|                               | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      |
| Average Annual Salaries       | \$104,979 | \$119,500 | \$126,376 | \$124,431 | \$129,892 | \$120,667 | \$128,141 | \$123,579 |
| Average Total Annual Earnings | \$128,195 | \$126,054 | \$159,560 | \$154,085 | \$148,042 | \$141,074 | \$150,377 | \$155,517 |
| Instructor                    | N.A.      | N.A.      | N.A.      | N.A.      | N.A.      | N.A.      | \$126,942 | \$130,000 |
| Assistant Professor           | \$88,998  | \$94,776  | \$101,117 | \$87,489  | \$88,620  | \$94,650  | \$98,333  | \$112,309 |
| Associate Professor           | \$127,114 | \$146,363 | \$143,753 | \$166,536 | \$130,145 | \$118,925 | \$140,382 | \$137,225 |
| Full Professor                | \$173,180 | \$184,000 | \$208,870 | \$193,485 | \$197,440 | \$190,889 | \$179,328 | \$202,286 |
| Administrator                 | \$169,875 | \$159,592 | \$198,467 | \$211,463 | \$190,000 | \$204,500 | \$184,925 | \$231,567 |

\* Not included in the 1989 survey.

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 from 2008 to 2010, increased in 2011 and 2012, decreased in 2013, increased in 2014, decreased in 2015, increased in 2016, and decreased in 2017.

### Comparisons to Others

It is interesting to compare the above results to the average compensation of financial executives in the hospitality industry and to university educators as a whole. The annual compensation for Hospitality Financial & Technology Professionals (HFTP) members associated with lodging from the most

recent survey including salary, deferred compensation, and bonuses for 2017 by position was as follows (Venegas, 2018):

|                                |           |
|--------------------------------|-----------|
| Accounting Manager             | \$78,150  |
| Assistant Controller           | \$73,715  |
| Director of Finance/Controller | \$124,438 |
| IT Director                    | \$87,064  |

The College and University Professional Association for Human Resources reported average salaries for 2016–2017 by faculty rank across research universities with academic ranks as follows:

|                     |           |
|---------------------|-----------|
| Professor           | \$120,498 |
| Associate Professor | \$88,926  |
| Assistant Professor | \$76,767  |

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

### Summary

The mean average salary of *iAHFME* members participating in *iAHFME*'s annual total earnings survey was \$123,579. The average salary varied by rank from \$82,844 for assistant professors to \$165,656 for full professors. Salaries of *iAHFME* members focusing on accounting topped the list.

Sixty-four percent of the responding *iAHFME* members reported receiving additional compensation from their institutions. The mean was \$22,369.

The most common sources of external earnings were honoraria and consulting. Sixty-one percent of the respondents reported external earnings that averaged \$50,000.

The mean total annual earnings that respondents reported for 2017 ranged from \$85,000 to \$306,000.

The average was \$155,517. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from an 18% increase for full professors to a 26% increase for assistant professors.

Finally, 74% of the respondents reported some degree of satisfaction with their salaries, while the remaining 26% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 89% and 97%, respectively, reported some degree of satisfaction.

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