Managing a U.S. Business School Professor Shortage

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Abstract

The business school accreditation agency, AACSB, has been predicting a future shortage of professors in U.S. business schools. Factors that have been advanced in support of a looming shortage include increased future student enrollments, mass retirements of aged professors, decreased production of fresh doctoral graduates, and the taking of faculty employment outside of academe or the U.S. Actual data, however, show that the student-age population is not going to change substantially for the foreseeable future, that boomer-aged employees are not likely to retire anytime soon, that a "decline" in the supply of new business doctor graduates is referenced from an oversupply that existed throughout the 1990s, and that loss to foreign employment is less than it was in the 1990s. If a shortage is indeed looming, the experienced "lost generation" of underemployed surpluses from the 1990s could be used to fill gaps in fresh doctoral supply.

Keywords: professor shortage, business school professor, business doctor, AACSB accreditation, enrollment forecast

Introduction

This assessment addresses various factors that many have put forth in predicting future business faculty shortages. Predicting a "supply and demand shortage" of business doctors, if without substantive supporting evidence, is socially irresponsible because of the cyclic chaos that this can and *has* caused in the academic marketplace: wildly high salary requests by job candidates, an inability of business schools to advance on the assumption of shortages and a market of candidates who are unwilling to accept reasonable salaries, followed by an oversupply of new doctors that results from the promise of future high-demand, high salary job market. AACSB (business school accrediting agency) predictions of shortages fifty years ago resulted in an oversupply of new doctorates in the 1970s. AACSB predictions of shortages in the 1980s resulted in an oversupply of new doctorates in the 1990s. The "surplus" doctorates of the nineties were either forced to take faculty positions at bottom-end schools that constrained their scholarly growth opportunities or to take positions outside of academe that destroyed all aspirations of an academic career. At graduation, the typical new business doctor is age 35, is married, and has taken a five year break out of the workforce to complete the degree (Survey of Earned Doctorates, 2007) – the lives of entire families are destroyed during an "oversupply" cycle job market.

In the hopes of diminishing yet another "oversupply" cycle, the present analysis examines factors that impact the demand (need) for doctorally-qualified business faculty. A repeat of past oversupply cycles might be avoided if realistic projections can be maintained. If there is indeed a pending shortage of business doctors, the "lost generation" of under-employed but experienced, doctorally-qualified surpluses of the nineties could be considered as more viable alternatives to the current calls for hiring untrained, academically unqualified business practitioners and inexperienced new doctors from non-business disciplines.

Historical Timeline

In 1958, AACSB warned that there would be a shortage of 2800 business school professors by 1970 (Gordon and Anderson, 1958). However, a 1972 survey of marketing departments was conducted to answer the question of whether there was an *oversupply* of new marketing doctors. The findings suggested that during 1973 and 1974, 279 new doctorates would be competing for only 172 positions that required a doctor degree (Shawver, 1973). A 1974 survey of accounting departments also indicated that the demand for doctorates, as estimated by the responding schools, would be decreasing in the next several years (Lossett and Moustafa, 1975).

Fifty years later, AACSB is still warning of a shortage of 2400 business school professors by 2012 (AACSB, 2007). (In fifty years, the supposed shortage has decreased by 400!) Quoting AACSB sources, a *Business Week* article (Damast, 2007) claims that business schools are at a "tipping point" for future gloom, with such dire predictions that some schools will be in danger of losing AACSB accreditation due to the professor shortage. "In the past five years, the overall production of business PhDs declined . . . an entire population of business-school professors are [sic] expected to retire in the next few years, leaving a vacuum in the B-school classroom . . . the B-school world is looking to the larger academic world for help, hoping to convince a psychology professor, for example, to take a job as a marketing professor."

Yet according to Survey of Earned Doctorates (2007), conducted since 1957 and funded by several U.S. government agencies, the overall production of business doctors actually *increased* from 1065 in 2000 to 1168 in 2005 (see Table 1; note that the 2007 compilation is on data collected from 2005 graduates). A problematic issue with the suggestion of tapping the pool of new psychology doctors is that their production *decreased* from 3616 in 2000 to 3327 in 2005 (see Table 1).

Table 1: Doctor Production in Selected Fields

	1975		1980		1985		1990		1995		2000		2005	
	count	pct.	count	pct.	count	pct.	count	pct.	count	pct.	count	pct.	count	pct.
all fields	32952	100.0	31019	100.0	31295	100.0	36065	100.0	41747	100.0	41361	100.0	43554	100.0
engineering	3002	9.1	2479	8.0	3166	10.1	4894	13.6	6008	14.4	5323	12.9	6404	14.8
psychology	2751	8.3	3098	10.0	3117	10.0	3281	9.1	3429	8.2	3616	8.7	3327	7.7
education	7360	22.3	7586	24.5	6733	21.5	6509	18.0	6648	15.9	6432	15.6	6229	14.4
business	787	2.4	640	2.1	789	2.5	1036	2.9	1330	3.2	1065	2.6	1168	2.7

Source: Survey of Earned Doctorates (2005)

AACSBs prediction of mass retirements is suspect from several perspectives. The Survey of Earned Doctorates shows that there were substantially fewer business doctors produced in the 1960s and 1970s. Additionally, some of those were lost to early retirement incentives in the belt-tightening 1980s, minimizing the effects of the predicted "mass retirements" by that generation. Furthermore, surveys by AARP (2003, 2004) found that members of the baby boomer generation, who would have obtained business doctor degrees around the mid 1990s (median age 35 according to the Survey of Earned Doctorates; see Table 2), don't plan on retiring anytime soon. On the basis of US Census data, it appears that the college age population should stay roughly flat (on average) for the next two decades.

The remainder of this assessment will expand on these sorts of issues. First, factors related to the business doctor surpluses of the 1990s will be addressed. This is followed by an assessment of business doctor demographics: trends in business doctor production, losses of business doctors to non-academic jobs and foreign placement, and issues related to the likelihood that there will be a mass exodus of ageing professors through retirement. Finally, trends in the U.S. population and the potential for future student enrollments is discussed.

Oversupply of New Business Doctors Through the 1990s

When AACSB publicizes a decrease in doctoral graduates, it is using a period of peak oversupply as the standard. The late 1980s saw an increase in doctoral student enrollments, feeding an increase to record high outputs of new doctorates in the 1990s. In the early 1980s, AACSB was cited for saying that it would take 11 years to fill business faculty vacancies (Fiske, 1981). In the middle 1980s, AACSB was reporting a faculty shortage of twenty percent, expecting it to continue into the 1990s despite an anticipated drop in student enrollments (Whalen, 1984); this shortage was attributed to business faculty salary gains of 10.4 percent in 1984 (Whalen) and 8.8 percent in 1985 (Cebrzynski, 1985). By the late 1980s, AACSB was being cited for saying that faculty vacancy rates were twenty-five percent in business disciplines (Pal and Waldauer, 1988).

AACSB publicity in the 1980s about a looming shortage of business doctors and resultant high salaries was likely a factor in the decision of some to pursue a doctoral program. Indeed, a

new business doctor degree program at the University of Connecticut attracted more than 30 applicants for each available seat in the fall of 1987 (Hamilton, 1987).

This increase in enrollments in business doctoral programs in the 1980s caused an increase in the production of new business doctors in the early to middle 1990s, both in raw number and as a percentage of all doctorate production (see Table 1). The unfortunate result of the increased business doctor output of the early to middle 1990s was an oversupply of doctoral graduates at a time of decreasing business school enrollments. With falling MBA applications in the US, business schools started setting up branch programs in other countries (Gallagher, 1993). At the annual American Accounting Association meeting in 1992, 180 resumes were submitted to fill just 110 open positions. The oversupply finally began to subside in 1997 with 117 resumes submitted to fill 120 open positions (Joseph, 2004).

This oversupply of new doctors was exacerbated by a bad economy which caused a lousy academic job market for all disciplines, including business. State and federal assistance to higher education was suddenly and drastically declining during a time of decreasing enrollments. The result was almost universal university downsizing, layoffs, early retirement incentives, and hiring freezes (cf., Healy et al. 1996; Kerlin and Dunlap, 1993; Selvin 1995); the word "retrenchment" was a common response to many of us who were mailing applications to schools on our lists of both desirable job choices and undesirable job choices alike.

To make matters worse, a 1994 federal law prohibited mandatory retirement on the basis of age for tenured faculty members, resulting in a belief that older faculty members were clogging the career paths of newer Ph.D.s; faced with retrenchment needs, many universities were offering inducements for early retirement (Honan, 1994). With the dismal academic job market, affirmative action programs in the 1990s created yet more uncertainties for new doctorates, sometimes leaving even the most promising of white males unable to obtain job interviews (cf., Wilson, 1995); a survey of political science Ph.D. graduates found that while men and women found positions at about the same rate, men were more likely to be placed in temporary positions (Britnall, 1996). The weak and uncertain academic job market forced new doctorates in all disciplines to seek jobs outside of academe (cf., Wilson, 1997).

Employment Outside of Academe

Arguments are sometimes advanced that the number of new doctor graduates available for faculty employment is decreased because so many are attracted to work in private industry and because so many leave to teach outside of the U.S. As can be seen in Table 2, an even greater number of new doctor graduates are lost to "seeking employment" in the year following graduation than to foreign employment. A total of about one in five 2005 graduates were "lost" to jobs in either industry, government, or non-profit organizations. This doesn't sound like an outrageous "loss"; it would seem odd if fewer chose to take such jobs. It seems much more outrageous that one in six in 2005 was seeking employment the year following graduation during a time when there was supposed to be a huge shortage of new business doctors. This suggests that either doctor-granting schools are graduating wholly incompetent teachers and researchers or that employing schools have set such wholly unrealistic expectations that they would prefer to "train" practitioners from industry perform professor jobs.

Table 2: Profile of Doctoral Recipients

	1993	1997	2005
citizenship			
US citizen	59.7	63.5	49.5
permanent res.	6.0	6.9	4.5
temp. visa	30.7	21.9	38.4
unknown	3.6	7.8	7.6
age at doctorate	35.5	35.7	35.6
yrs. since bacc. to doct.	11.9	12.4	12.3
postdoctoral plans			
definite postdoc study	0.9	2.6	3.0
definite employment	71.1	64.5	77.7
seeking employment or study	18.6	20.7	16.6
other/unknown	7.6	12.1	2.7
definite employment			
educational institution			76.5
industry/business			13.0
government			3.8
nonprofit			1.9
other/unknown			1.1
foreign employment after doct.	16.6	12.7	14.2

Source: Survey of Earned Doctorates (1995, 1999, 2007) from Table A-3a in each report. These particular years were chosen due simply to the availability of older years' documents. "Definite employment" subcategories for 2005 cannot be directly compared to the earlier years.

The Impact of Retirements

The prediction of a faculty shortage is based in large part on an assumption that there is some kind of aged-professor bulge that will suddenly burst into retirement all at once. Some forecast mass retirements by business school professors who were hired in the 1960s and 1970s or that baby boomer-aged faculty (born between 1946 and 1964) will all retire at the same time within the next few years (e.g., Hammond, 2005; Mangan, 2001; Schevitz, 2000). As for the professors who graduated in the 1960s, there were far fewer business doctors graduated at that time than in more recent times. Additionally, the early retirement incentives of the 1990s retrenchments most certainly has already thinned these ranks even further. (E.g., one member of the present author's dissertation committee accepted an early retirement incentive at age 55 in 1995, but continues to teach as an adjunct at small schools.) It is hard to imagine that the retirement of these old folks will make any greater difference in the natural progression of retirements that has come and gone and will come and go for decades.

Considering the Survey of Earned Doctorates finding that obtaining a Ph.D. in business disciplines takes, on average, five years and that the typical graduate is age 35, it is logical to expect that new graduates are drained financially, hungry to pay off student loans, and only just

starting long-term retirement savings. A boomer born in 1955 would most typically have graduated and taken a first academic job at age 35 in 1990. With the tenure system that pervades academe, many of those would have since experienced at least one life-disrupting move and the need to start over yet again. The idea that these boomers are in a financial position to retire fifteen years after graduation, or perhaps just nine years after starting the second tenure-track job, is unrealistic.

Additionally, the boomer generation seems to be embracing a "sixty is the new forty" perspective in its attitudes toward health, longevity, and retirement: studies by AARP (which at one time stood for the American Association of Retired People) have been finding that the baby boom generation does not hold the same attitudes as earlier generations with regard to retirement. AARP (2003) found that 68 percent of baby boomers who have not yet retired report that they plan to work into their retirement years or never retire, and almost half indicate that they envision working into their 70s or beyond (compare with similar results of AARP, 2004). A typical boomer born in 1955 might continue working until at least 2025. This hardly seems like a looming threat.

The Increase in the Number of AACSB Accredited Schools

AACSB's push to accredit more business schools no doubt has an effect on the number of doctorally qualified faculty that are needed. The 1971-72 AACSB directory listed 153 accredited schools (Shawver, 1973). An archived AACSB website accessed at Archive.org states that as of April 1997, there were 330 accredited programs in the US, four in Canada, and one in France. Its current (November 2007) website claims that as of July 2007, there were 457 accredited programs in the US and another 94 outside of the US. That is, the present pool of AACSB accredited schools is 164 percent of what it was just ten years earlier.

This dramatic increase in the number of accredited schools means that there will be more demand for doctorally qualified faculty. Since it is smaller, non-research schools that have been added since the 1992 change in AACSB standards, it also means that many (perhaps most) of these schools need to lower teaching loads, requiring even more faculty than had been necessary prior to thoughts of accreditation. Additionally, the requirement for greater numbers of doctorally qualified faculty means that there will be greater demand for faculty who are able to remain academically qualified. "Academically qualified" is proven in two ways: either by the conduct of continuing research in the most recent five year window, or by being a fresh doctor graduate who is automatically considered academically qualified for five years. As a result, the latter – unproven fresh grads right out of school – will be the "hot commodities" in the market, not the more experienced teachers who have already proven that they are, on average, merely average researchers.

With the growth of business as an undergraduate major and the expansion of business programs in the 1970s, the new business programs at smaller schools were unable to attract faculty with doctor degrees; with a short supply of business doctors, nobody wanted to teach at a smaller school (Shawver, 1973). The increased interest in accreditation across the years, however, has required that those schools seek faculty with doctor degrees, thereby causing an increasing demand. AACSB requirements, however, were a cause for schools' increased needs for faculty with doctor degrees (cf., Lossett and Moustafa, 1975).

Two undesirable outcomes result from AACSBs continuing efforts to grow more accredited schools: an artificial increase in demand for doctor degrees and a very real increase in

mediocrity. White et al. (2005) note that while the quantity of new doctors increases with AACSB accreditation issues, the result *must be* decreased quality standards if the quantity available does not rise. The proportion of doctorally qualified and research faculty in the newer AACSB standards has (in fact) been lowered. Some would argue that increases in AACSB accreditation and the resulting (perceived or real) lowering of AACSB standards has caused good teaching schools to change their focus to become peddlers of third-rate articles (cf., Wright and Larwood, 1998). This has in turn caused a need for an increasing number of third-rate journals (perhaps themselves sponsored by third rate schools) that nobody ever sees. Publicity for the increased demand for business doctors, whether the demand is artificial or real, has perhaps also been a cause for the increased interest in substandard business doctor degrees (cf., Owen, 2007).

While there is increased demand for business doctors due to increased efforts by AACSB to accredit business schools, there is quite possibly a decrease in the quality of business education. There will still be the higher tier, larger, research oriented colleges and universities, and there will still be bottom tier business schools located in lower tier, smaller teaching oriented colleges and university. But the AACSB "seal of approval" has resulted in mediocre business schools that promote themselves to be "in the same league as Harvard," when instead they are once-good teaching schools that have changed their focus toward cranking out junk publications in junk outlets. If an administration wants to cut budgets, middle tier and smaller schools could now be forced by university administrations to cut the number of doctorally qualified faculty to be replaced by full-time "participating" adjuncts due to the weakened AACSB standards (cf., Mangan, 2003). There is no net gain to society or to any educational purpose when these are the outcomes of AACSB's pursuit of greater numbers of accredited schools.

Student Enrollments

In addition to an assumption that a bulge of older professors is about to suddenly retire, an assumption is often made that college and business school enrollments will continue to climb as they had in the late 1990s. College enrollments in the U.S. have indeed been climbing for decades (National Center for Education Statistics, 2007), but the population has not, over the long run, been growing. As can be graphically seen in Figure 1, the size of the population after the boomer generation has remained relatively flat right up to newborns. The only way that college enrollments can continue to grow is if a greater proportion of the population attends college – but there is a finite limit as to how far growth can continue before reaching asymptote.

Additionally, the growth of business majors as a proportion of all college enrollments relies on employability, and that, too, has a finite asymptote. Consider, for example, that 2007 experienced a record year for layoffs in finance (Rosenbush, 2007). That could very well translate into dramatically fewer finance majors in the future. MBA applications have been declining, with some top schools reporting single year drops of around 25% in 2004, causing schools to compete harder to fill classes (BusinessWeek, 2007).

Figure 1. U.S. Population.

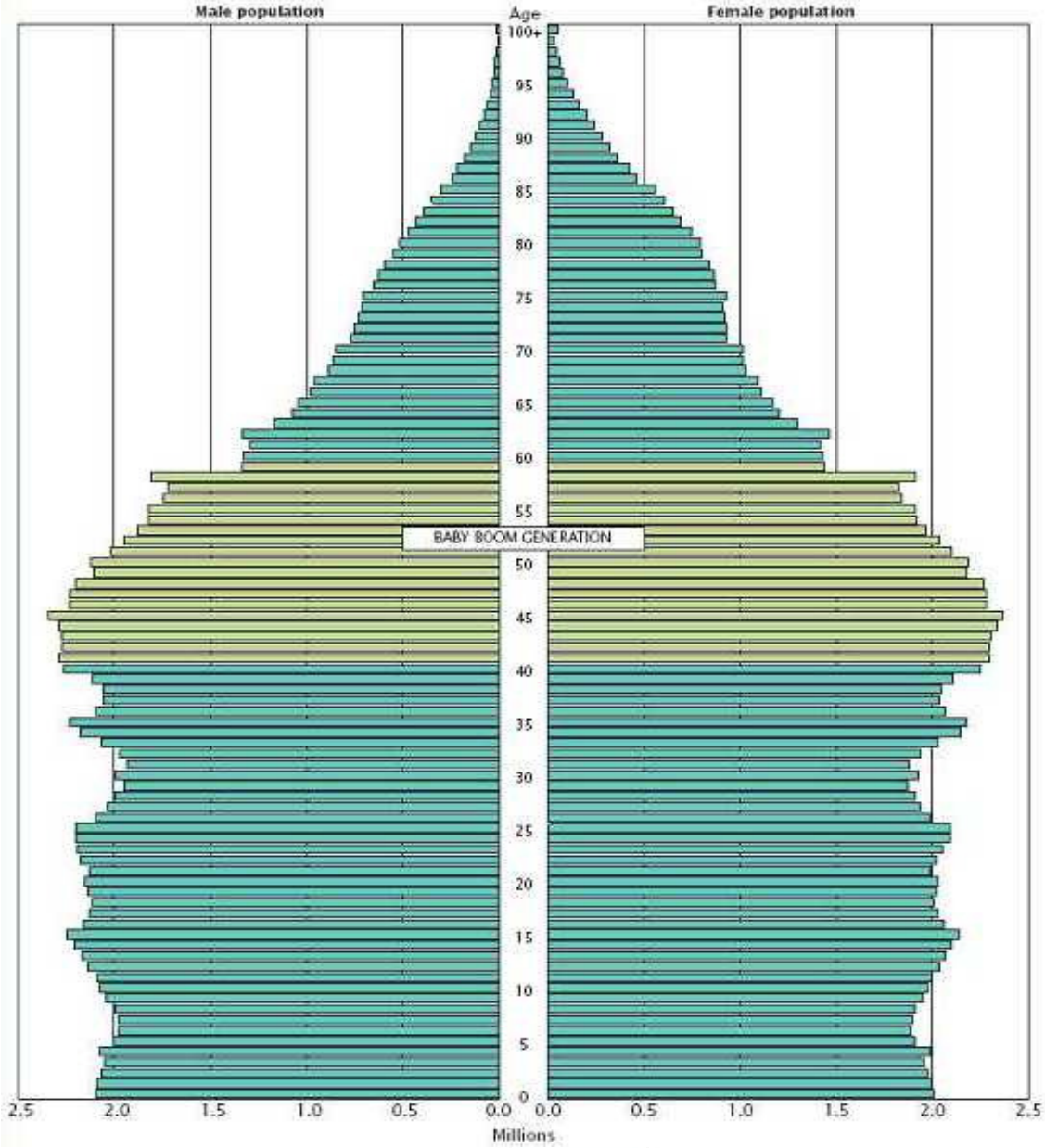

Figure copied from (uncopyrighted) US Census Bureau (2005).

Conclusions

AACSB has for decades claimed that there has been, is, and will be a faculty shortage in business. Assumptions that are made include declining business doctor production, mass retirements by a bulge of aged professors, and increasing student enrollments. Instead, there was an oversupply of business doctors for consumption in the 1990s, and the current claim of declining production is based on the early to mid nineties record peak that resulted in that oversupply. Aged professors are not likely to retire at any higher rate than in the past; instead, they very well might retire at a slower rate than in the past. U.S. population trends suggest that

the U.S. population of college-aged students should remain relatively steady for the foreseeable future.

If there are any shortages in fresh doctors to hire, one important resource never seems to receive mention: the lost generation of those who completed doctorates in the early to mid nineties. Many of that generation of graduates would have been forced to take jobs at unaccredited "teaching" schools. While their scholarly output has been severely constrained by these positions, they started in these positions with rigorous research training and now, ten or fifteen years later, they have substantial teaching and service experience. Current talk of "training" business practitioners to "fill the gaps" in a doctoral shortage makes no sense given that a misplaced generation of rigorously trained nineties graduates is still around. Many of this lost generation have maintained reasonable research production despite continuous four-prep-semester teaching loads, twelve month teaching schedules, and few research resources. Members of that lost generation who have consistently maintained a few publications per year could possibly be expected to out-produce research-school counterparts who have been no more productive while in opportunity-rich environments.

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