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Academic Accounting Salaries in the Southwest: A Revisitation and Exploration

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This study examines the faculty located in the Southwest Region of the American Accounting Association to ascertain salary determinants as well explore salary compression and inversion. This study finds there are differences among faculty salaries based on longevity, institutional type and size. Typically larger, public institutions pay higher salaries. Further this study finds that salary, perceived salary compared to others, institutional longevity, marital status, institutional type and size are significantly associated with faculty's gender.

INTRODUCTION

This study considers faculty located in the Southwestern Region (SR) as defined by the American Accounting Association (AAA), to examine their salary determinants. In addition, we explore the existence of salary compression, perceived salary inversion, and the extent to which other variables (*i.e.*, gender, longevity, accreditation, tenure, *etc.*) impact the accounting academic work-place, as found in prior studies (Norgaard 1989**;** AACSB 2012).

Over the past years, accounting academic researchers have explored faculty salaries, obligations and other work-related issues. Prior findings for gender effect on salary among accounting faculty are mixed. Norgaard (1989) provides a benchmark against which to measure professional progress of academic women accountants. Our study revisits and uses select benchmarks from Norgaard's work to examine the progression. Mitchel and Mickel (1999) report higher salary levels are not related to satisfaction; rather satisfaction is correlated with the concept of equity and salary fairness. However, Hermanson (2008) finds salary to be a satisfaction indicator of an academic career. Almer *et al.* (2013) examine the individual, institutional and other factors that also impact salaries of accounting academics. Our study extends prior work and examines selected factors at the regional level among both private and public universities.

Salary compression is a phenomenon that occurs in many disciplines. Salary compression occurs when salary structures are not proportional to professional maturity (Snyder *et al.* 1992). Hunt *et al.* (2009) document that past academic accounting hiring practices have been a "seller's market". New faculty and replacement faculty salaries have increased significantly since 2001 (AACSB 2013). The salary increase is partly the result of increased college enrollments, the shortage of accounting Ph.D.s, and accreditation criteria that require academically qualified accounting professors (Plumlee *et al.* 2006). In addition to salary compression created by new hires, faculty at many institutions have experienced salary inversion as their salaries have not kept pace with the salaries paid to the new hires with less teaching and research experience (Duncan *et al.* 2004). Needless to say, salary is a common discussion topic at accounting academic meetings.

The SR faculty located in Texas, New Mexico, Oklahoma, Arkansas and Louisiana were surveyed to gather individual, institutional and perception data. While not all of the survey participants are members of the AAA or the SR, this region was chosen as the foundation for geographical study based on a commonality of institution types and economic conditions reported by the U.S. Bureau Economic Analysis (BEA 2013). Furthermore, cost of living is more consistent and generally lower than areas such as the AAA Northeast Region. Our study adds to the accounting literature by providing information useful to address questions pertaining to salary, institutional characteristics, perceived salary inversion, and gender influences in the SR accounting academic work-place.

The background section discusses related literature, followed by our study's methodology, and an analysis of the findings. Lastly, limitations and our conclusions are presented.

BACKGROUND

Salary compression occurs when newly hired employees are compensated at rates in the same range as more experienced employees. That is, compensation is not based on an individual's tenure or longevity in a job, organization, or professional activities or when the pay ratios between jobs or pay grades in a firm's pay structure are narrowed (Twigg *et al.* 2002). Salary inversion occurs when the incoming faculty member or junior faculty is actually paid more than the more senior faculty members. Prior research demonstrates that new hires and current faculty do experience statistically significant differences in their salaries, documenting both salary compression and inversion (Samavati *et al.* 2007*)*. Barbezat and Hughes (2001) study the phenomena of market mobility and find a close association of promotion and tenure with market mobility. This finding indicates faculty need to leave their current institution in order to obtain a "market adjustment" in pay. Historically, institutions have not raised the salaries of current faculty members to market levels but they pay incoming professors market rates to meet the competitive demand, thus creating salary compression and in some cases salary inversion. Twigg *et al.* (2002) argue salary compression may be linked to market conditions as well as job seniority. They present the idea that low salaries and low pay-satisfaction decreases commitment to professional responsibilities. Further, under this situation, salary compression may be viewed as a strategic compensation approach to address concerns over individual performance (Snyder *et al.* 1992). This study does not examine performance, as individuals typically consider their performance information (such as student course evaluations) to be confidential and the information can be easily misinterpreted (Tetlock *et al.* 2013, 24).

Many factors contribute to salary compression and salary inversion. Almer *et al.* (2013) examine public universities and offer empirical evidence on specific factors that contribute to individual accounting salaries. According to Samavati *et al.* (2007), most faculties expect research, teaching and university service to be the basis of reward for employment as well as promotion and tenure, based on the Association to Advance Collegiate Schools of Business (AACSB 2005) annual salary survey.

Schools that emphasize academic research tend to have more stringent publishing requirements than schools with a teaching emphasis. However, the AACSB (2008) accreditation requirements have caused business schools to increase research and publishing requirements in order to remain accredited or advance their status. Englebrecht *et al.* (1994) find that on average accounting faculty at accredited schools publish at a higher rate than faculty at nonaccredited schools. This is expected due to the AACSB

accreditation criteria. They also find associate professors in both accredited and nonaccreditated AACSB member institutions tend to publish at a greater rate in the years immediately preceding their promotion. Accreditation is thus another salary determinant.

Samavati *et al.* (2007) data suggests that large, private, accredited schools pay higher salaries to current and newly hired faculty than public accredited schools. (Although their employee benefits may be less.) They find public nonaccredited schools pay more to both types of faculty than private nonaccredited schools. The AACSB *2012–2013 Salary Survey* (2013) of accounting faculty data supports Samavati *et al.* (2007) findings that institutional longevity and professorial rank influence salary. Barbezat and Hughes (2001) find faculty members who have an advanced degree earned a nine percent higher salary than those who do not. This implies the higher the degree held by the faculty member, the higher the compensation. The AACSB (2012) data also supports the influence of education, as a more advanced degree earns a higher salary. Blau (1994) indicates private institutions may be more affluent and able to pay higher salaries. Our study thus compares public universities to private universities. In addition, we study programs that have separate accounting accreditation as well as college-wide AACSB accreditation.

Samavati *et al.* (2007) find new hires at each rank are paid notably higher salaries in both accredited and nonaccredited institutions. Their findings suggest there is significant salary compression between the rank of assistant and associate professor, reflecting the fact that assistant professors are generally hired more recently than associate professors. This further indicates that salary is not increasing at the same pace as longevity.

Typically, schools with a predominantly teaching emphasis hold faculty to lesser research requirements, if research is required at all. These faculty members' performance is typically based on student evaluations of their teaching. However, prior research (Katz 1973) indicates there is not a strong link between teaching and financial rewards. Katz found no association between teaching and pay. Konrad and Pfeffer (1990) support this earlier finding as they also find no association between teaching and salary. It is important to note these studies investigate multiple disciplinary areas and not just the accounting discipline.

Prior research findings for gender effect on salary among accounting faculty are also mixed. Norgaard (1989) provides a benchmark against which to measure professional progress of academic women accountants. We uses select benchmarks from Norgaard's work to examine the progression. While Norgaard (1989) was solely concerned with the accounting academic discipline, many of the existing studies focus on other multiple disciplines, or across disciplines. Bellas (1997) states that, according to the labor-market perspective, there is not a causal association between low-demand fields and a higher concentration of women, rather, women may choose to enter disciplines with poor labor-market conditions and pay. Barbezat and Hughes (2001) find male faculty can earn over eight percent more than female counterparts, although they did not focus solely on accounting faculty.

Barbezat and Hughes (2001) find business faculty which generally include accounting faculty, typically command a higher salary than nonbusiness faculty. Unionization is another factor related to salary. Although conventional wisdom holds collective bargaining increases wages and improves the working conditions of unionized workers relative to their nonunion counterparts, Hedrick *et al.* (2011) find only a small salary premium for unionized workers. They use data collected from the National Study of Postsecondary Faculty and therefore did not single out accounting faculty. Barbezat and Hughes (2001) find unionization has a positive effect on salary. Unionization is not prevalent among our study's respondents because collective bargaining is reported at only one institution represented in this study.

Size is also a factor related to the determination of salary. Blau (1994) finds the two most significant explanatory variables for salary are the university's size and affluence (*i.e.*, revenue). Accordingly, we include an institutional size measure based on the number of full-time equivalent students enrolled, as affirmed by the National Center for Educational Statistics (NCES) (2013).

Over time, there have been many issues raised in the academy concerning gender bias. Norgaard (1989) reports women perceive they have been subject to gender-related discrimination in the areas of salary increases, promotion, and course load assignments. The AACSB (2012) finds over the decade from 2001 to 2012 female accounting professors in the U.S. have consistently earned less than their male

counterparts. The AACSB reports 2011–2012 data that displays female accounting professors earn on average $10,100 less than their male counterpart for the same position. Barbezat and Hughes (2001) find females incur a salary penalty when moving to a second job. More recently, Baldwin *et al.* (2012) report women hold fewer endowed chairs in the academy than men. Given this data, we expect gender to be significantly associated with salary, yet Almer *et al.* (2013) did not report any gender-related significance in their salary analysis.

In addition to longevity and rank, there are other individual or institutional factors that may logically impact salary. For example, the total number of years the professor has taught would indicate an individual academic longevity greater than their institutional longevity. This difference should relate to their salary, which can be confirmed by the number of different institutions where the professor has taught. Although the particular accounting subdiscipline taught (*i.e.*, financial, managerial, international, auditing, tax, systems, governmental, *etc.*) by the professor might have some bearing on their salary, we found no studies that support this assertion. Another assumption is that accounting professors whose primary duty is conduct research earn higher salaries. Most studies report only multi-disciplinary analysis and not solely the accounting discipline in this regard. Almer *et al.* (2013) did find salary to be positively related to research productivity. Thus, regardless of the type of institution, faculty who specialize in research are viewed favorably and are compensated as such.

METHODOLOGY

Our study explores the salary determinants of academic accounting faculty in the SR, focusing on the existence of salary compression and perceived salary inversion. We also investigate the extent to which other variables, such as longevity, gender, years taught, accreditation and tenure, impact accounting academic salaries.

An email questionnaire soliciting information regarding themselves, their employment, academic work-load and perceived pay fairness was sent to the SR faculty (n = 826) listed in the 2013 *Hasselback Directory of Accounting Professors*. The SR geographical area includes faculty from academic institutions located in Texas, New Mexico, Oklahoma, Arkansas and Louisiana. One hundred fifty-four responses were received for a response rate of 18.6%. An analysis between the responders and nonresponders found no significant difference between the two groups based on type of institution, state, or gender. A majority of the study's respondents are faculty at public institutions, although many of the institutions are not especially large, with FTE enrollments of 10,000 or less. Thirty-two percent of the respondents are faculty at large doctoral degree granting institutions. A second analysis between early and late responders also found no significant difference between these two groups. Thus the response data is considered to be representative of the faculty located in the SR.

Model Development

Over the past years accounting academic researchers have explored career satisfaction in terms of salary, workplace obligations, and mobility (Snyder *et al.* 1992; Barbezat and Hughes 2001; and Samavati *et al.* 2007;). Almer *et al.* (2013) investigated individual accounting faculty salaries at large prestigious institutions based on how their research area is related to salary. Notably absent is an investigation of items related to salary compensation in a specific region of the U.S. where the cost of living may be somewhat consistent, and lower than regions such as the Northeast. We address this gap in the literature by drawing from prior research to develop a model that explains academic accounting salaries in the SR.

Variables

We develop five specific models. Our main model of interest is Model-1. All variable definitions are presented alphabetically in Appendix A. Variables not discussed in this section are used for additional analysis in our four remaining models.

Salary

A review of the AACSB (2013) salary data suggests various ranges of compensation for public, private, AACSB accredited, or nonaccredited programs. Samavati *et al.* (2007) use the AACSB salary data to demonstrate salary inversion. While Hunt *et al.* (2009) find that the accounting labor market for the past several years is a "seller's market". We use *SALARY* as the dependent variable in our model based on respondents' base salary, excluding summer support and additional stipends.

Highest Degree Earned

The variable *DEGREE* reports the highest degree held by the respondents. Respondents report holding either a Master's degree or a Ph.D. and no other academic designation. A positive association for highest degree earned is expected. That is, the higher the degree, the higher salary amount a faculty member is expected to earn. This variable is used as a control variable to explain salary, consistent with prior research (Plumlee *et al.* 2006).

Gender

GENDER is coded as male or female. Research findings on this variable are mixed (Norgaard 1989; Bellas 1997; Barbezat and Hughes 2001; Pew Research Center 2013). We expect that salary will be lower for females than for males based on females holding lesser-paying academic rank, and the prior findings of a hesitancy on the part of females to aggressively negotiate for raises and promotions (Norgaard 1989; Pew Research Center 2013).

Current Rank

Current academic rank (*RANK*) is coded by academic rank including full professor (coded as 1), associate professor, assistant professor, instructor, lecturer, adjunct, administrator, clinical, or visitor (coded as 9). Based on prior research (Samavati *et al.* 2007; Almer *et al.* 2013), full professors should be the highest paid faculty members. Thus, a negative association between *RANK* and *SALARY* is expected. This variable is considered a control variable.

Institution

Institution of affiliation (*INST*) is coded as a public or private institution based on information in the *Accounting Faculty Directory* (Hasselback 2013). Swanson *et al.* (2007) find evidence that faculty at private institutions have a higher portion of publications in highly ranked journals and thus have higher salaries than their public colleagues. Almer *et al.* (2013) find higher ranked professors are highly compensated at prestigious doctoral programs as defined by the Carnegie classification; however, they did not stratify the programs by public or private institution. *INST* serves as a control variable as we have no prior expectation for the type of institution's influence on *SALARY*.

Student full-time equivalent

The number of full-time equivalent students (*SFTE*) is based on student enrollment reported by the respondent and affirmed by enrollment reported by the NCES. This variable is used to control for size and is expected to be positively associated with *SALARY* assuming larger universities will pay a higher faculty salaries.

Years at Current Institution

Years employed at the respondents' current institution (*LONGEVITY*) is the actual number of years the respondents report teaching at the institution where they are currently employed. A negative association between *LONGEVITY* and *SALARY* indicates salary inversion is present. Thus, a negative association for this variable with *SALARY* is expected based on the Barbezat and Hughes (2001) and Samavati *et al.* (2007) findings.

Accounting Accredited

AACSB Accounting accreditation (*ACCRD*) indicates whether or not the accounting department is separately accredited by the AACSB. We have no prior expectation for this variable's association to *SALARY*.

Location

Geographic location (*LOC*) is based on the postal zip code of the University. The federal Medicare program classifies locations as urban, rural and super rural. Theis classification system controls for population concentration and various other factors. Based on zip code, we use this classification to control for differences that may be present due to the location of the university. Based on the Medicare classification, location is coded 0 for urban, 1 for rural and 2 for super rural. Typically, urban areas will pay more than rural areas due to the higher cost of living, thus a negative association with *SALARY* is expected.

Carnegie Class

The Carnegie classification (*CARNEGIE*) variable captures institutional differences, and is coded 1 for Associate degree, 2 for Baccalaureate degree, 3 for Master's degree, 4 for Doctorate, and 5 for Research. *CARNEGIE* is expected to be positively associated with *SALARY*.

Variables Used For Additional Analyses

Years Taught

The number of **y**ears taught (*YEARSTAUGHT*) measures the number of years the respondent has taught in total, not just at their current institution. This variable was classified by 0–6 years, 7–14 years, 15–25 years, and greater than 25 years.

Marital Status

Current marital status (*MARITAL*) as reported by the respondent. *MARITAL* is coded as single, married, divorced, widowed, or not applicable (N/A).

Salary Compared to Others

This variable (*SALARYOTHERS*) asked respondents to report how they perceive their salary compared to that of others at their university. The options were undercompensated, over compensated, evenly compensated, or N/A.

New Hire

New hire status (*NEWHIRE*) refers to survey respondent's reply to whether newly hired faculty are paid more than existing faculty. The response was coded as 1 for yes, 2 for no, 3 for unknown, or 4 if N/A was reported.

Duty

Job duty elements (*DUTY*) is based on the primary activity reported by the survey respondent. *DUTY* was coded as 1 for primarily research, 2 for primarily teaching, 3 for primarily service, 4 for primarily research and teaching, or 5 if the duty elements were reported as a balance of the three activities.

Publishing required

Publication requirement (*PUBLISH*) is a variable that is coded 1 if the respondent answered yes, publishing is required, or 2 if the respondent indicated that publishing was not required.

Tenure

Current tenure status (*TENURE*) captures the job track the survey respondent reported. This variable is coded 1 if the respondent reported having tenure, 2 if tenure track, 3 if not seeking tenure, 4 if the respondent reported being denied tenure, or 5 if non-tenure track.

Status in academy

Current status in academy (*STATUS*) refers to the current status the respondent reported. This variable was coded as 1 if the respondent reported they are a new hire, 2 if working on tenure, 3 if working on full professor, or 4 if the respondent reported being at the highest rank.

Rank at Hire

Rank at time of hire (*HIRERANK*) is coded as 1 for full professor, 2 for associate professor, 3 for assistant professor, 4 for instructor, 5 for lecturer, 6 for adjunct, 7 for administrator, 8 for clinical, and 9 for visiting professor.

Research Required

Research requirement (*RESEARCH*) is coded 1 if the respondent answered yes, research is required, and coded as 2 if the respondent indicated that research was not required. A negative association is expected between *RESEARCH* and *SALARY*.

HYPOTHESES

H_1: *LONGEVITY* will be negatively associated with *SALARY*.

The following linear regression model, Model 1, is used to test our hypothesis:

$$SALARY = \beta_1 DEGREE + \beta_2 GENDER + \beta_3 RANK + \beta_4 INST + \beta_5 SFTE + \beta_6 LONGEVITY + \beta_7 ACCRD + \beta_8 LOC + \beta_9 CARNEGIE + \varepsilon$$

The following models were used for additional analyses:

H_2: *SALARY* will be negatively associated with *GENDER*.

Model 2 is used to test H_2

$$GENDER = \beta_1 SALARY + \beta_2 YEARSTAUGHT + \beta_3 MARITAL + \beta_4 DUTY + \beta_5 SALARYOTHERS + \beta_6 INST + \beta_8 LOC + \beta_9 CARNEGIE + \varepsilon$$

H_3: *AACSB* will be positively associated with *SALARY*.

Model 3 is used to test H_3

$$AACSB = \beta_1 SALARY + \beta_2 NEWHIRE + \beta_3 DUTY + \beta_4 SFTE + \beta_5 PUBLISH + \beta_6 LOC + \beta_7 CARNEGIE + \varepsilon$$

H_4: *YEARSTAUGHT* will be negatively associated with *SALARY*.

Model 4 is used to test H_4

$$YEARSTAUGHT = \beta_1 SALARY + \beta_2 DEGREE + \beta_3 GENDER + \beta_4 LONGEVITY + \beta_5 TENURE + \beta_6 STATUS + \beta_7 LOC + \beta_8 CARNEGIE + \varepsilon$$

H_5: *TENURE* will be negatively associated with *SALARY*.

Model 5 is used to test H_5

$$TENURE = \beta_1 SALARY + \beta_2 YEARSTAUGHT + \beta_3 DEGREE + \beta_4 GENDER + \beta_5 RANK + \beta_6 HIRERANK + \beta_7 RESEARCH + \beta_8 PUBLISH + \beta_9 AACSB + \beta_{10} LOC + \beta_{11} CARNEGIE + \varepsilon$$

RESULTS

Descriptive Data

Table 1, Panel A shows that the study's data includes 154 observations. The average *SALARY* received by respondents is $116,004, which is comparable to the salary of accounting professors at non-accredited institutions as reported in the AACSB *2012–2013 Salary Survey*. No respondent reports making less than $62,500. The average *SFTE* for the institutions in this study is 16,757. Enrollments for the institutions in the study range from a low of 1,250 to one institution that reports a 52,000 *SFTE*.

Table 1, Panel B shows that 57.1 percent (n = 88) of the respondents are male and 42.9% (n = 66) are female. More respondents are at schools that do not hold separately accounting accreditation (55.2%) compared to the 69 institutions (44.8%) with accredited accounting programs. Also, 51.3% report they were hired by their institution at the assistant professor rank. Over 42% of the respondents currently hold the rank of full professor, while 27.3% hold the rank of associate professor. The respondents (70.1%) report that newly hired faculty members are paid more than current faculty. However, when asked if the respondents are under, over, or evenly compensated, compared to other faculty within their university, 51.3% report being evenly compensated while 36.4% report that they are under compensated when compared to other faculty. Market mobility is also evidenced in the data. It is noteworthy that 22.1% of this sample reports being *hired* at the position of associate professor and 9.1% report being *hired* as a full professor. Thus, some faculty evidently move to other institutions to obtain an upward salary adjustment. Additionally, 61.7% of the sample reported being tenured, 20.1% reported being tenure track and 18.2% are either not seeking tenure or are non-tenure track. Tenured faculty makes up the largest portion of this sample. Over 35.1% of the respondents report working at an institution that is research focused, 50.0% report a teaching focus, and less than 1% reports a service focus.

Although this study does not include the state address of the respondent in the statistical model, it is interesting to note in Table 1, Panel C that 64.3% of the respondents are at schools located in Texas. Arkansas has the next largest representation at 13.6%. Louisiana respondents makes up 9.1% of the sample, Oklahoma 8.4% and New Mexico has the smallest portion of respondents at 4.5%. These proportions generally reflect the relative populations of these states. Table 1, Panel C also shows that a majority of the respondents (92.2%) are Caucasian.

TABLE 1
DESCRIPTIVE STATISTICS

Panel A: Descriptive Statistics for Model Variables

Variable	*Obs.*	*Mean*	*Std. Dev.*	*Min*	*Max*
SALARY	154	$116,004	$34,628	$62,500	$200,000
SFTE	154	16,757	13,238	1,250	52,000
LONGEVITY	154	13.4	9.6	1.0	42.0

Panel B: Categorical Frequency Statistics (*n* = 154)

Variable	*Freq.*	*%*	*Variable*	*Freq.*	*%*
DEGREE			***INST***		
Masters	21	13.6	Public	122	79.2
Ph.D.	133	86.4	Private	32	20.8
GENDER			***ACCRD***		
Male	88	57.1	Yes	69	44.8
Female	66	42.9	No	85	55.2
RANK			***DUTY***		
Full Prof	65	42.2	Research	54	35.1
Associate Prof	42	27.3	Teaching	77	50.0
Assistant Prof	28	18.2	Service	1	.6
Instructor	5	3.2	Research/Teaching Mix	15	9.7
Lecturer	10	6.5	Balanced Rsch / Tchng / Serv	7	4.5
Administrator	2	1.3	***MARITAL***		
Auditor	1	.6	Single	16	10.4
Clinical	1	.6	Married	122	79.2
SALARYOTHERS			Divorced	11	7.1
Under compensated	56	36.4	Widowed	3	1.9
Over compensated	14	9.1	N/A	2	1.3
Evenly compensated	79	51.3	***CARNEGIE***		
N/A	5	3.2	Associate	0	0
LOC			Baccalaureate	13	8.4
Urban	104	67.5	Masters	82	53.2
Rural	48	31.2	Doctorate	7	4.5
Super rural	2	1.3	Research	52	33.8
YEARS TAUGHT			***NEWHIRE***		
0-6 Years	11	7.1	Yes	108	70.1
7-14	39	25.3	No	20	13.0
15-25	55	35.7	Do not know	26	16.9
>25	49	31.8	***TENURE***		
PUBLISH			Tenured	95	61.7
Yes	122	79.2	Tenure Track	31	20.1
No	32	20.8	Not seeking tenure	16	10.4
STATUS			Nontenure track	12	7.8
New Hire	3	1.9	***HIRERANK***		
Working on Tenure	20	13	Full Prof	14	9.1
Working on Full Professor	39	25.3	Associate Prof	34	22.1
Reported Full Rank	92	59.7	Assistant Prof	79	51.3
RESEARCH			Instructor	11	7.1
Yes	129	83.8	Lecturer	11	7.1
No	25	16.2	Adjunct	3	1.9
AACSB			Administrator	1	.6
Yes	124	80.5	Clinical	1	.6
No	30	19.5	Visiting Prof	0	0

Panel C: Descriptive Statistics for Variables Not Used in the Models

Variable	*Freq.*	*%*	*Variable*	*Freq.*	*%*
STATE			***RACE***		
Texas	99	64.3	African American	3	1.9
New Mexico	7	4.5	Asian	4	2.6
Oklahoma	13	8.4	Hispanic	2	1.3
Arkansas	21	13.6	Native American	3	1.9
Louisiana	14	9.1	Caucasian	142	92.2

STATE = State university of employment location, *RACE* = race as reported by the survey respondent.

Correlation testing for collected variables

The Spearman and Pearson correlations are presented in Table 2. There are three correlations that are above .70 suggesting there could be a multicollinearity issue. They are: *YEARSTAUGHT* and *STATUS* (.74 and .81), *RESEARCH* and *PUBLISH* (.82) and *RANK* and *TENURE* (.73). To evaluate the issue of multicollinearity, we used the method suggested by Hair *et al.* (2010). A multiple regression was performed where each independent variable was regressed against the other independent variables to determine the tolerance. Hair *et al.* (2010) indicated a tolerance level of .10 corresponds to a Variance Inflation Factor (VIF) value of 10 but suggests a cutoff of 3 to 5 as a level indicating a low risk of multicollinearity. Our analysis found no VIF for the variables in the analysis to be greater than 3.4. Thus multicollinearity is not considered an issue in our individual models.

TABLE 2
CORRELATIONS FOR SALARY REGRESSION VARIABLES
(SPEARMAN\ PEARSON)

		1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
1	***AACSB***	1	.44***	–.43	–.09	.05	–.06	.01	.19*	.23***	–.00	.08
2	***ACCRD***	.44***	1	–.63***	–.09	.10	–.04	.10	.14	.22***	–.02	.107
3	***CARNEGIE***	–.45***	–.62***	1	.06	–.32***	–.01	–.06	–.07	–.39***	.01	–.03
4	***DEGREE***	–.09	–.09	.06	1	–.04	–.27***	–.51***	–.17**	–.03	.00	.09
5	***DUTY***	.22***	.35***	–.55***	–.10	1	.15	–.02	.10	.29***	.11	–.06
6	***GENDER***	–.06	–.04	–.00	–.27***	.12	1	.28***	.14	.05	–.08	.08
7	***HIRERANK***	–.03	.05	–.03	–.54***	.01	.29***	1	.03	.02	.08	–.11
8	***INST***	.19**	.14	–.07	–.17**	.13	.14	–.02	1	–.15	.09	.05
9	***LOC***	.22***	.23***	–.42***	–.04	.36***	.06	.12	–.15	1	.14	–.04
10	***LONGEVITY***	–.02	–.01	–.03	.03	.08	–.04	.12	.09	.15	1	–.11
11	***MARITAL***	.04	.06	–.03	.12	–.08	.06	–.12	.00	–.01	–.08	1
12	***NEWHIRE***	.29***	.16**	–.10	–.20*	.15	.11	.04	.42***	–.02	.08	.04
13	***PUBLISH***	.35***	.14	–.18**	–.50***	.04	.14	.16	.33***	.09	.08	–.03
14	***RANK***	.07	.07	.01	–.51***	–.03	.24***	.50***	.09	.03	–.50***	–.07
15	***RESEARCH***	.32***	.11	–.14	–.54***	.03	.19**	.17**	.30***	.07	.06	–.04
16	***SALARY***	–.40***	–.42***	.42***	.51	–.29***	–.16	–.41***	–.10	–.31***	–.10	–.01
17	***SALARY OTHERS***	.19**	.01	–.02	.03	.17**	–.11	–.68	.21***	.11	–.24***	–.01
18	***SFTE***	–.50***	–.64***	.63***	.14	–.49***	.06	.09	–.48***	–.09	.01	–.02
19	***STATUS***	.25***	.09	–.20**	.20**	.19**	–.29***	–.36***	.03	.03	.52***	.02
20	***TENURE***	.19**	.08	–.03	–.53***	–.02	.21***	.39***	.13	–.06	–.46***	.09
21	***YEARS TAUGHT***	.15	.10	–.14	.21***	.16	–.34***	–.37***	.03	.09	.62***	–.05

Note: *, **, *** = Significant at the 0.10, 0.05, and 0.01 levels, respectively; two tailed test.

(continued next page)

TABLE 2
CORRELATIONS FOR SALARY REGRESSION VARIABLES
(SPEARMAN\ PEARSON)
(concluded)

		12	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*
1	***AACSB***	.28***	.35***	–.00	.32***	–.34***	.19**	–.44***	.19**	.26***	.14
2	***ACCRD***	.16	.14	–.00	.11	–.40***	.01	–.62***	.10	.10	.10
3	***CARNEGIE***	–.11	–.18**	.04	–.13	.42***	–.02	.59***	–.19**	–.05	–.13
4	***DEGREE***	–.20**	–.50***	–.58***	–.54***	.48***	.03	.15	.22***	–.57***	.20**
5	***DUTY***	.15	–.04	–.05	–.03	–.14	.16	–.29***	.09	–.01	.11
6	***GENDER***	.12	.14	.24***	.19**	–.17**	–.11	.05	–.27***	.16**	–.35***
7	***HIRERANK***	.11	.16**	.52***	.16	–.42***	–.04	.01	–.31	.37***	–.35***
8	***INST***	.42***	.33***	.07	.30***	–.09	.22***	–.44***	.01	.21**	.02
9	***LOC***	–.01	.10	–.04	.06	–.28***	.12	–.11	.03	–.10	.13
10	***LONGEVITY***	.10	.07	–.36***	.03	–.07	–.19**	–.03	.47***	–.26***	.64***
11	***MARITAL***	.04	–.02	–.09	–.01	–.03	–.03	–.07	–.00	.07	–.08
12	***NEWHIRE***	1	.25***	.10	.28***	–.23***	.23***	–.29***	–.03	.19**	.07
13	***PUBLISH***	.26***	1	.25***	**.82*** **	–.29***	.04	–.16**	–.08	.32***	–.03
14	***RANK***	.08	.25***	1	.27***	–.39***	–.03	–.03	–.46***	.58***	–.50***
15	***RESEARCH***	.29***	**.82*** **	.26***	1	–.26***	.03	–.17**	–.06	.38***	–.09
16	***SALARY***	–.28***	–.35***	–.40***	–.34***	1	–.01	.44***	.01	–.38***	–.01
17	***SALARY OTHERS***	.24***	.0 4	.05	.03	.00	1	–.05	–.10	.07	–.06
18	***SFTE***	–.33***	–.23***	–.04	–.20**	.44***	–.08	1	–.21**	–.13	–.17
19	***STATUS***	.02	–.06	–.59***	–.06	–.08	–.05	–.19**	1	–.30***	**.74*** **
20	***TENURE***	.15	.29***	**.73*** **	.32***	–.35***	.06	–.10	–.43***	1	–.26***
21	***YEARS TAUGHT***	.07	–.04	–.59***	–.09	–.04	–.05	–.18**	**.81*** **	–.41***	1

Salary Regression Analysis and Discussion

The linear regression for Model 1 is presented in Table 3. The R^2 for Model 1 is 56.0%. As expected, there is a significant negative association between *LONGEVITY* and *SALARY*. This indicates there is a negative impact on salary for staying at the same institution. This supports H_1 and indicates that there is salary inversion present in the data. Expectedly, this study finds a significant negative association between *RANK* and *SALARY*. This indicates that making the rank of full professor has a positive impact on salary. This is counter intuitive, but the variable RANK is coded as 1 being the highest rank and SALARY is coded as 10 being the highest tier. Therefore, there is a negative association, but SALARY increases with RANK.

TABLE 3
REGRESSION ANALYSIS OF MODELS
With *t*-values
(*n* = 154)

	Expect.	*Model 1 SALARY*	Expect.	*Model 2 GENDER*	*Expect.*	*Model 3 AACSB*	*Expect.*	*Model 4 YEARSTAUGHT*	*Expect.*	*Model 5 TENURE*
INTERCEPT		–1.34		4.993***		7.301***		–2.168*		2.855**
DEGREE	+	2.802**					+	1.707	+	–3.324***
GENDER	–	–1.269					–	–3.664***	+/–	–.103
RANK	–	–4.719*							+	3.842***
INST	+/–	3.164**	+	3.481***						
SFTE	+	3.710**	+	2.771***	+	–2.842**				
LONGEVITY	–	–2.749**					+	7.230***		
ACCRD	+/–	–1.732								
LOC	–	–2.163**	+	.640	+/–	1.688	+/–	1.372	+/–	–2.159
CARNEGIE	+	1.518	+/–	–.247	+/–	–.230	+	.003	+/–	.255
SALARY			–	–2.612**	+	–.110	+	.508	+/–	–.331
YEARSTAUGHT			+/–	–4.712***					+	–.433
MARITAL			+/–	.994						
DUTY			+	2.953*	+	–1.916				
SALARYOTHERS			–	–2.794**						
NEWHIRE					+	1.989*				
PUBLISH					+	3.020**			+	–.974
TENURE							+	1.227		
STATUS							+	8.908***		
HIRERANK									+	.131
RESEARCH									+	1.037
AACSB									+	3.692***
R^2		56.0%		27.9%		34.7%		70.1%		49.3%
Adj. *R^2*		53.3%		23.4%		31.5%		68.5%		45.4%

Note: *, **, *** = Significant at the 0.10, 0.05, and 0.01 levels, respectively.

Our Model 1 analysis also suggests a possible gender gap present among the faculty participating in the survey. There is a negative, but not significant, association between *GENDER* and *SALARY,* after controlling for *YEARSTAUGHT*, *MARITAL*, and *DUTY*. According to the Pew Research Center (2013) women earned $.84 for every $1 made by men. A wage gap specific to accounting professors is documented by an AACSB (2012) article reporting female accounting professors in the U.S. have consistently earned less than male counterparts. The difference continues as AACSB reports a $10,100 wage difference for the same position between male and female accounting professors in their 2011–2012 study (AACSB 2012).

As expected in Model 1, *DEGREE* has a positive significant association with *SALARY*. Often a Ph.D. commands more salary than a faculty member holding a Master's Degree.

This study also finds a significant positive association with *SFTE* and *SALARY*, indicating larger institutions pay higher salaries. This is a common size effect perception. A search of prior literature did not reveal a study that used size as a salary determinant variable. Thus, our finding addresses a prior omission, as it documents that institutional size is associated with higher salaries.

We had no expectations for *INST* or *ACCRD*. The results show a positive significant association between *INST* and *SALARY*. This finding indicates private institutions compensate faculty with a higher salary than public institutions, which supports the Samavati *et al.* (2007) findings for accredited schools as well as Blau's (1994) findings. Our results indicate a negative, but not significant, association between *ACCRD* and *SALARY*. This implies institutions with accounting programs that are separately accredited pay higher salaries than institutions with accounting programs that are not separately accredited. One conclusion that may be drawn based on this result is the separate accreditation commands a more research productivity and higher degreed faculty who negotiate for higher salaries. Note from Table 1, Panel B that 83.8% of the respondents reported that research is required to maintain their position while only 16.2% reported that research is not requireed. Also 79.2% reported that publishing is required.

In our Model 1, as expected *LOC* was significantly negatively associated with *SALARY*. This finding indicates that salaries are higher for urban areas. There was a positive, but not significant association, between *SALARY* and *CARNEGIE* Class.

Our Model 2 *GENDER* linear regression analysis in Table 3 finds the variables explain 27.9% of the factors associated with whether the respondent is male or female. As anticipated, a significant negative association is found between *GENDER* and *SALARY* although at a larger value than in Model 1. This supports H_2 and indicates a gender association with salary is present in the data. As presented in Table 1, Panel A, the average salary for respondents is $116,004 however Table 4 presents that 39.4% (10.6 + 13.6 + 15.2) of the female accounting faculty report a salary of $100,000 or less, compared to 27.3% (0 + 8 + 19.3) of the male accounting faculty, while only 9.1% (1.5 + 6.1 + 1.5 + 0) of female respondents report a salary of $175,000 or more, compared to 15.9% (6.8 + 4.5 + 2.3 + 2.3) of the males.

There is also a significant negative association in our Model 2 of *SALARYOTHERS* among the respondents, indicating that the females consider themselves to be more under paid. Considering the respondent's opinions on whether they were under, evenly or over compensated as compared to their colleagues (presented in Table 4), 43.9% of females perceive that they are under compensated as compared to their male colleagues (30.7%), whereas 56.8% of the males consider themselves to be evenly compensated compared to their peers.

YEARSTAUGHT also has a significant negative association (–4.712) in our Model 2 *GENDER* analysis, indicating that female accounting faculty have taught a much shorter time than their male colleagues. As presented in Table 4, 45.4% (12.1 + 33.3) of female respondents have been teaching for 14 or fewer years compared to 22.7% (3.4 + 19.3) of the male respondents. It is interesting to note that 43.2% of the male respondents report they have been teaching for over 25 years.

Not expected is the positive association of *DUTY* and *GENDER* in our Model 2. Based on prior studies (Jordan *et al.* 2006; Bailey 2008; and Hermanson 2008), a higher percentage of females reporting a teaching assignment was expected. Our respondents contradict this expectation as males (53.5% *vs.* 45.5%) report their primary duty as teaching. Table 4 shows that 21.2% (16.7 + 4.5) female respondents report they have balanced duties of research and teaching, or research, teaching and service, compared to 9% (4.5 + 4.5) for males. As expected, the male respondents (37.5%) report their primary duty is research as compared to 31.8% of the female respondents.

Model 2 also shows a positive, but not significant, association of the respondents' *MARITAL* status with *GENDER*. This does not support prior research (Ginther and Khan 2004; 2011) that finds unmarried female academics do not have the same opportunities as males in the academy. Table 4 shows 25.8% (12.1 + 9.1 + 4.6) female respondents are unmarried (single, divorced, or widowed) compared to . 14.8% (9.1 + 537 + 0) males. There were more married male respondents (84.1%) than female (72.7%).

As expected in Model 2, *INSTITUTION* and *SFTE* each display a significant positive association with *GENDER*. In Table 4. More 84.1% male respondents report being at public institutions compared to 72.7% female. Conversely, more female respondents (27.3%) report being at private institutions than

male respondents (15.9%). In general, the private institutions tend to have lower student enrollments than public institutions.

TABLE 4
GENDER DISTRIBUTION FOR SELECTED VARIABLES

Variable	*Male Freq.*	*Male % of Total*	*Female Freq.*	*Female %of Total*
SALARY (in thousands)*	88	100.0	66	100.0
$25 to $50	0	0.0	7	10.6
$51 to $75	7	8.0	9	13.6
$76 to $100	17	19.3	10	15.2
$101 to $125	32	36.4	19	28.8
$126 to $150	11	12.4	8	12.1
$151 to $175	7	8.0	7	10.6
$176 to $200	6	6.8	1	1.5
$201 to $225	4	4.5	4	6.1
$226 to $250	2	2.3	1	1.5
Over $200	2	2.3	0	0
SALARYOTHERS	88	100.0	66	100.0
Under compensated	27	30.7	29	43.9
Over compensated	9	10.2	5	7.6
Evenly compensated	50	56.8	29	43.9
N/A	2	2.3	3	4.6
YEARS TAUGHT	88	100.0	66	100.0
0-6 Years	3	3.4	8	12.1
7-14	17	19.3	22	33.3
15-25	30	34.1	25	37.9
>25	38	43.2	11	16.7
DUTY *	88	100.0	66	100.0
Research	33	37.5	21	31.8
Teaching	47	53.5	30	45.5
Service	0	0.0	1	1.5
Research/Teaching Mix	4	4.5	11	16.7
Balanced Rsch / Tchng / Serv	4	4.5	3	4.5
MARITAL	88	100.0	66	100.0
Single	8	9.1	8	12.1
Married	74	84.1	48	72.7
Divorced	5	5.7	6	9.1
Widowed	0	0.0	3	4.6
N/A	1	1.1	1	1.5
INST*	88	100.0	66	100.0
Public	74	84.1	48	72.7
Private	14	15.9	18	27.3

*Chi-Square significance at the 10% level.

Our results for Model 3 examine the effects of accreditation on salary. Our analysis finds that *AACSB* is negative but not significantly associated with *SALARY*. *AACSB* is significantly associated with new hires being paid a higher salary and publishing being required, which was expected. The negative nonsignificant relation to the faculty's duty elements was not anticipated. The negative associations of student enrollments and Carnegie class with *AACSB* were also unanticipated. These findings imply institutions with smaller enrollments and master's level or higher Carnegie classification hold the separate AACSB accreditation more frequently. However the location of these institutions has no significant bearing on whether the institution holds AACSB accreditation.

Table 3 also displays the results for our Model 4 which examines the association between *SALARY* and *YEARSTAUGHT*. It is expected that the more *total* years of experience a faculty member has the higher their salary. However this expectation is not supported as *SALARY* is not significantly associated with *YEARSTAUGHT*. On the other hand, the years at their *current* institution (*LONGEVITY*) and the respondent's *STATUS* in the academy are both significantly associated with years taught *GENDER* is significant but negatively associated with the number of years taught. These results indicate that males have accumulated more years teaching, have been at the same institution longer than females, and hold a higher ranking. Our Model 4 is significant, explaining 68.5% of the variance in the data

The results of our final model, Model 5 presented in Table 4 indicate that *SALARY* is not significantly associated with *TENURE*. Our model results indicate that *DEGREE*, *RANK*, and *AACSB* are significantly associated with *TENURE*. It would be expected that tenure would command a higher salary, however this model demonstrates that is not the case, thus supporting the salary compression interpretation. The tenure model indicates that there is a negative association between *DEGREE* and *TENURE*, which implies that lower degreed faculty are either non-tenured track, or not seeking tenure.

LIMITATIONS

This study investigates factors associated with academic accounting faculty salaries. The result is limited to information provided by individuals responding to our survey. Given the anonymity of the respondents, little, if any, public information could be verified other than institutional enrollment. Those who chose not to respond are not represented. Thus generalization to a national setting cannot be assumed. Regional geography is another limitation due to surveying only the faculty in the SR. Further, faculty members who chose to be employed in the Southwest have self-selected into the population. No inferences about faculty who are employed in other U.S. regions can be made. In order to make inferences on a national scale concerning academic accounting professors, a survey of the entire U.S. accounting faculty is needed.

Another limitation is the use of Hasselback Directory (2013) as the population source. The directory contains accounting faculty data provided by individual institutions. If an institution has accounting faculty but elects not to participate in the directory, the survey population may be understated.

Institutional representation could be a limitation, as a majority of the study's respondents are faculty at a public institution. However, the institutions are not especially large as 40.5% of the institutions have FTE enrollment of 10,000 or less and 63.7% have FTE enrollments of 15,000 or less (not tabled). Nonetheless, this could influence respondent self-selection. Another possible issue is a fairly large number doctoral degree granting institutions' faculty among the respondents (32%) which could influence the findings.

CONCLUSIONS

An examination of variables for their association with academic accounting salaries and the extent of gender influence was employed to determine systemic differences. The overall conclusion of this study is there are systematic differences among accounting faculty salaries as well as gender representation that are associated with self-reported survey questionnaire responses. This study finds that how long accounting faculty have been employed at their respective institutions and their rank are significant in explaining accounting faculty salaries. This study supports prior research (Jordan *et al.* 2006; Hunt *et al.* 2009; Schneider and Sheikh 2012) that find institutional type and size to be associated with accounting faculty salaries. Larger, public institutions tend to pay higher salaries.

Our study also finds seven variables (salary, perceived salary compared to others, institutional longevity, marital status, institutional type, and size) are significantly associated with accounting faculty's gender. Female accounting faculty tend to have more balanced work assignments, believe they earn less salary than their peers, and more often teach at private institutions with 10,000 or less FTE enrollments.

Our study finds that neither AACSB accreditation (Model 3), *YEARSTAUGHT* (Model 4), nor *TENURE* (Model 5) is significantly related to the respondent's salary. Rather than salary, accounting accreditation is associated with tenure, the institution's size, and faculty being required to publish. Faculty rank, how long they have been at the institution, and male gender, are associated with the number of years taught. Tenure is strongly related to the degree held by the faculty, their rank, the institution's location, and whether the accounting program holds separate AACSB accreditation.

Our findings support the concept that salary compression as well as salary inversion exist. This extends prior research findings to accounting faculty—specifically those located in the SR, and suggests a gender gap in pay among the survey respondents. These findings provide information useful to faculty and administrators to determine how their current position and college or departmental policies compares to the respondents in general. These findings are region specific and relevant to universities employing faculty, as well as faculty who are seeking a new position.

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APPENDIX A
VARIABLE DEFINITION TABLE

Variable	***Definition***
AACSB	dummy variable coded as 1 for AACSB Accreditation and 2 if not
ACCRD	dummy variable coded as 1 for Accounting AACSB and 2 if not
CARNEGIE	coded 1 through 5 based on Carnegie Class of the institution
DEGREE	coded 1 through 6 depending on degree reported, the higher the degree the higher the coded number
DUTY	duty elements as reported by respondents
GENDER	dummy variable coded as 1 for male and 2 for female
HIRERANK	rank reported by the survey respondent at hire with current University
INST	dummy variable coded as 1 if public school and 2 if private
LOC	coded 0 for urban, 1 for rural and 2 for super rural
LONGEVITY	actual years respondent has been at current institution
MARITAL	marital status as reported by respondents
NEWHIRE	respondents answered if new hires with equal qualifications are paid more than current faculty at their current institution
PUBLISH	dummy variable 1 if yes, 2 if no
RANK	coded 1 through 9 depending on rank reported, higher rank the lower the coded number
RESEARCH	coded 1 for yes and 2for no
SALARY	coded 1 through 10 depending on salary range reported, the higher the salary, the higher the coded number
SALARYOTHERS	respondents answered how they compare their salary, with all else equal, to other faculty at their university
SFTE	student full time equivalent based on enrollment, coded 1 through 8 with the higher the enrollment, the higher the coded number
STATUS	1 for new hire, 2 for working on tenure and 3 for full professor
TENURE	status as reported by the survey respondent
YEARSTAUGHT	number of years the respondent reported as having taught coded 1 if 0 – 6, 2 if 7 – 14, 3 if 15 – 25 and 4 if > 25