A Dean's Take On Salary Negotiation

By Roger Sinclair

When I place the call to offer an appointment to a candidate, I know the starting salary I am going to offer and I hope that the candidate will be expecting that amount, or very close to it.

That's what should happen if the messages we have been sending to the applicants throughout the search process have been received. If it doesn't, we might have a failed search, which, as administrators, we hate. We know the time, commitment, and resources that go into faculty searches, the recriminations that follow failures, and the uncertainties associated with having to muddle through another year with makeshift arrangements.

But let's start at the very beginning. As academic leaders, we have an overriding interest in paying competitive salaries to our job applicants because we want to attract and retain qualified faculty members to carry out the institutional enterprise. Rarely, if ever, is there a desire to shortchange a new hire.

I am the dean of a college of business in the rural Midwest. In deciding on a salary for a new faculty member, I look at the amount budgeted for the line, which depends on both external and internal factors.

The external factors include the going salary rate for that rank (e.g., assistant professor) in that discipline (e.g., finance) among our peer institutions and in the region in which we are located. The going rate is affected by whether a candidate has the requisite terminal qualifications (usually a Ph.D. from an accredited institution) and years of experience.

Salary information from our peer institutions is readily available from surveys conducted by accrediting bodies, professional organizations, and disciplinary societies, and is accessible to applicants. The survey results give me a pretty good idea of how much I need to offer to be externally competitive in the hiring
My university is neither top-ranked, rich, nor located near a major urban center. Given all that, I know that our salaries will not be competitive with those offered by universities that are elite, well-endowed, and/or situated near a large city. Job applicants need to be sure in which segments of the academic job market they want to compete before sending in their CV's.

Internal factors also affect the starting salary we offer to our chosen finalist. Those factors are primarily the university's available resources (how much we can pay) and the administration's compelling desire to maintain internal equity (how much we should pay).

Assuming we have the money to enter the market (and we shouldn't be there if we don't), I want to make an offer that has the least impact on distorting the existing salary patterns and that will not create salary inversions in the department and the college. Salary inversions occur when newly hired assistant professors make more money than other assistant professors or even senior professors already in the department.

A related problem we grapple with is salary compression where many current faculty members have their salaries bunched together in a very narrow band on the salary spectrum. Administrators and faculty members would prefer to see the salaries spread out to account for seniority, merit, or market value. Having new hires leapfrog over those faculty members caught in the compression is something I consciously try to avoid.

Similarly, I would not offer a salary to a new hire that is well outside the high end of the going rate for that rank. Ignoring internal equity issues will only ensure that the new hire will join a department of sullen and grumbling colleagues. And that new hire will be unhappy the following year, should a new faculty member come in with an even higher salary.

Furthermore, in places where faculty members are represented by a union through collective-bargaining contracts, many salary parameters (such as summer pay rates) are contractually set with little scope for negotiation. At a university like mine, salaries in one department send signals throughout the campus about the availability and allocation of university money, and those signals affect morale and expectations.
As a dean, I keep those broad issues in mind and usually meet with the provost to discuss, and agree upon, the starting salary I’m going to offer a new hire, to prevent the likelihood of the latter vetoing the offer later on. Job applicants need to be aware of those internal dynamics at any university.

While external and internal factors determine the boundaries of what I will offer a candidate, they come up only at the very end of the search process. Much earlier on, we set the stage to ensure that job applicants know us well enough to have a realistic expectation of what salary they can expect to receive here.

That starts with the job announcement. It describes the position and also draws attention to the university. The smart and serious applicant would have read the announcement carefully, visited our Web site, and checked out our peer institutions. We convey some of that information in materials we send to applicants, at initial interviews at association meetings, and in the preliminary phone interviews.

We make it a point of describing who we are and who we are not. For example, we are a teaching-focused, mostly undergraduate institution. We are not a top-flight research university. We are a public institution in a financially strapped state. We are unionized. We do not have a large endowment. We are not located in a major urban center, which means our cost of living is low.

The applicant who does the research on us will be able to correctly place us in the national academic galaxy and form a pretty good idea of the sort of salary we will offer. Thus, the better we are at describing ourselves early on, the more we are able to weed out applicants who may not see us as the right place for them.

In my experience, candidates who are fresh on the job market often tend to focus on the starting salary. That is understandable but may cause the applicant to miss the full picture. The total compensation package -- of which salary is a major component -- is a more meaningful indicator. For example, we offer a very generous benefits package -- a 100-percent, employer-contributed retirement plan, excellent health insurance, and so on -- and we are proud of it.

As an employee, the taxes you pay tend to be lower when more of your compensation comes in the form of benefits. And in our community, the salary goes much further than it would in Chicago or Detroit. I draw attention to those facts when I talk to job
candidates. They need to understand: A generous benefits package can, and should, more than offset a lower-than-average salary.

Although the university's resources and the desire to maintain internal equity limit the amount of the starting salary, I am often willing to provide one-time payments that do not add to the candidate's base salary. Requests for a signing bonus, a grant for summer research, a stipend to complete the doctorate by the end of the semester, paying for moving expenses, picking up the membership to a professional organization, buying preferred software, or giving additional money to attend a conference are all legitimate and quite easily accommodated.

Offering any of those perks does not alter the base salary and allows me to maintain internal equity in the department while, as an overall package, I can make sure it is consistent with that offered by our peer institutions. Plus, the incentives are one-time payments so I am not tied to paying them for the long term when I may or may not have the money.

If we've done our part, astute applicants should be able to do the research and judge for themselves if this is where they would like to work. We would expect applicants to withdraw if their salary demands are higher than what we can offer. We want that to occur before a campus visit so that we are all spared the expense and disruption to our schedules.

So, when I make the call to offer the job, if we have sent the right messages and the candidate has done her research, my salary offer is in the ballpark. There is no haggling or talk of "Let me think about it," or "I have another offer that pays this much."

Instead, the candidate may ask for her one-time needs, and I am open to accommodating them. I may explain the reasoning and the internal dynamics of the salary structure at the university. But, usually, the phone call is a celebratory conversation where a match has occurred and a successful search has concluded. The words that cross the phone lines should be "Welcome to the team" and "Thank you."

Roger Sinclair is the pseudonym of the dean of a business college at a public university in the Midwest.