

**FACULTY RETENTION FACTORS AT  
EUROPEAN BUSINESS SCHOOLS.**

***HOW DEANS AND FACULTY PERCEPTIONS DIFFER.***

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# Faculty Retention factors at European Business Schools.

## *How Deans and Faculty Perceptions Differ.*

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### **Abstract**

Developments in the management education environment present business schools with several challenges. Among these, perhaps the most important to address relates to a mission-critical resource for business schools: faculty retention. In this paper, we position and examine this problem within the context of business schools. We present the results of a research project on faculty retention that was conducted in 2003-2004 among European business school faculty and deans. The results identify the most important factors for faculty retention and suggest that there are perception gaps between faculty and deans on these factors that could lead to distorted decision-making and suboptimal resource allocation.

### **Introduction**

The Association for the Advancement of Collegiate Schools of Business (AACSB) recently published a landmark status report that accurately sets out the contours of the emerging management education environment (AACSB, 2002). Both the supply-side and the demand-side of management education are subject to processes of fragmentation, putting business schools in positions in which they face new competitors as well as diversified and demanding markets. The report clearly shows that business schools are faced with a number of strategic challenges they have to respond effectively to in order to sustain their positions in this environment. One of the most striking observations in the report is that business school deans perceived doctoral faculty shortages as the most important in the near future amongst these

challenges. This becomes an daunting prospect as the report also stresses the functions of academic staff as essential and distinctive within the modern business school. Although in European business schools the situation may be somewhat less pressing than in American schools, it is generally acknowledged that the market for faculty becomes more and more competitive in Europe as well. The number of business schools increases rapidly, while the number of qualified staff stays more or less stable at best (see e.g., Bollag (1997)).

In such an environment, not only attracting but especially retaining faculty is an activity that is of pivotal importance to the longer-term well-being of business schools (Duderstadt, 2001; AACSB, 2002; Lorange, 2003). Future business school affluence hence depends on a principal area of attention within the HR management function. For deans/directors of business schools it is paramount to develop effective retention strategies based on an understanding of the factors that are relevant with respect to faculty retention. This article reports on the findings of a research project that ran in 2003 and 2004 in which a survey among deans/directors as well as among faculty members of European business schools was conducted. The goal of this survey was to identify the relevant faculty retention factors and rank these factors in order of perceived importance. In addition, it aimed at identifying gaps between deans/directors' and faculty members' perceptions of important faculty retention factors as this provides key insights for formulating faculty retention strategies.

The structure of the article is as follows. First, we position faculty as a mission-critical resource for business schools and describe problems surrounding this resource in a brief discussion on the broader institutional context of business schools. In this section we draw on the recently published AACSB report. Next, we formulate the research questions that we aim to answer in this article. We proceed with expounding on the notion of gaps and describe how gaps come into being by using a social world perspective (Strauss, 1978, 1982). Fourth, we present our empirical findings. We consequently reflect on our findings and identify ways to enhance the interpretative value of our data. The article ends with a number of conclusions that can be drawn from our research and point at a number of policy implications of our findings.

### **Faculty as a mission-critical resource**

It is generally acknowledged that faculty are mission-critical constituents for universities and business schools alike. The quality and achievements of academic complements determine the quality of management education programs, management research, and the perceptions of schools in academic as well as business environments (Duderstadt, 2001; AACSB, 2002; Lorange, 2003). Characteristics and performance of faculty members, like the number of PhDs on a school's faculty, the international profile of faculty, and research output by faculty, play weighty roles in modern business school rankings.<sup>1</sup> The AACSB emphasizes the unique value of business school faculty: "Although other types of business education providers may deliver effective business teaching, none can serve as a business knowledge creator, steeped in the scientific method, as can business schools. This role is critical for business school faculty as a professional differentiator that protects market value. Even more important, the scholarship role of business faculty is an essential and irreplaceable function because societies and markets turn to business schools for knowledge advances that reflect academic traditions of theory and method" (AACSB, p. 13). Next to their academic importance, Duderstadt claims that faculty also has an important role in the governance of academic institutions. However, "its ability to become directly involved in the detailed management of the institution has long disappeared as issues have become more complex and the time scale of the decision process has shortened" (Duderstadt, 2001: 30-31). Peter Lorange, dean of IMD, one of the world's leading business schools, places faculty commitment to academic value creation at the pith of the development and realization of business school strategies. He argues that faculty "spearheads program development and constitutes a key vehicle for innovation and that most strategic direction-setting in an academic institution (...), must, in the end, be focused around the individual faculty member" (Lorange, 2003: 207-8).

Treasuring and acquiring such valuable resources obviously are major tasks for any academic institution in general and are becoming increasingly challenging for business schools in particular. Reasons for this can be found in characteristics of and developments in the institutional context of business schools in general and their competitive environment in particular. In this environment, forces are at work that make it difficult for business schools to attract and retain faculty.

### **Business schools at risk**

In August 2002, the AACSB, together with the efmd, published a status report on management education with the alarming title 'Management education at risk'. This report, presented as the follow-up to the landmark Porter and McKibbin report of 1988, paints a picture of the business school environment, identifies its main change driving forces, and draws some grim conclusions. The report identified five main issues regarding the general context of management education and the changes that are taking place in this context, namely the demand for management education, the supply of management education, globalization, technology, and resource scarcity. Additionally, it pays attention to issues concerning doctoral education, the relevance of business curricula, and the convergence of degree and nondegree education. Central in the report is the observation that the marketplace of management education is fragmenting – both in terms of the supply-side and the demand-side. There is an increasing number of competitors active challenging the position of business schools as providers of management education and the demand for management education is becoming ever more heterogeneous, giving way to novel market strategies and new competitors.

In such an environment, attracting and retaining faculty are activities of crucial importance to the longer-term well-being of business schools. This claim is supported by the outcomes of the research by Stumpf et al. (2002) on academic change and leadership. Their research showed that deans of 273 US business schools found the imminent shortage of doctoral faculty to be the most important challenge that was facing their business school in the near future. Disconcertingly, some of the most disturbing observations in this AACSB report exactly relate to the recruitment and retention of faculty by business schools. The number of recently earned doctorates in business is rather low compared to the social sciences and the humanities and only around 62 percent plans to pursue a career in education (Business Week, 2004). Within the next few years, the shortage of business doctorates is expected to be 1,142 rapidly climbing to a shortage of 2,419 in 2013 (AACSB, 2003). Together with the observations that (1) doctoral enrollments are not expected to increase in the near future, (2) foreseeable faculty retirements, and (3) increasing student enrollment on undergraduate levels in particular, it is clear that business schools will be faced with even enlarging faculty shortages in the coming years (AACSB, 2002).<sup>2</sup> As the AACSB

sums it up, this faculty shortage may be “leading to a decline in research productivity and intellectual vibrancy of existing faculty. Faculty that are not being replenished cannot devote as much of their attention to research, and do not benefit from the stimulating intellectual environment stirred by new doctoral students and junior faculty colleagues” (AACSB, 2002: 14).<sup>3</sup>

We would like to add three observations that are causing the problem of business school faculty shortages to be increasingly challenging for business schools: resource constraints, migration patterns of business PhDs, and the erosion of institutional commitment. The first two observations particularly relate to smaller business schools, while the third one applies to all business schools.

### ***Resource constraints and PhD migration patterns***

Smaller business schools may experience more difficulties in crafting solutions to the faculty shortage problem than larger business schools for reasons of resource constraints. One strategy<sup>4</sup> that notably top schools seem to follow in response to these shortages is recruiting experienced doctorally-qualified faculty from other schools. A result of these so-called ‘raiding strategies’ is that faculty salaries have started to gallop, exceeding resource increases from any source like tuitions, endowments or possible resource re-allocations, and market changes or salary trends in other academic fields (AACSB, 2002: 8-10; AACSB, 2003; see for an earlier account on faculty raiding: Keller, 1983: 18). Top-tier schools are undoubtedly better equipped to persist in such a strategy, thereby aggravating problems for lower-tier ones. Indeed, such behavior could trigger a vicious circle, a so-called race-to-the-bottom, that may well lead to the creation of a divide between ‘haves and have nots’, putting academic business scholarship at peril, and giving way to competitive opportunities for management education providers of other kin. Doug Grider, dean of Lander University’s School of Business Administration, says: “It is difficult to recruit and *retain* academically qualified individuals in an increasingly competitive market. Larger, resource-rich schools can offer incentives to induce faculty members to leave small schools where they might otherwise be content to stay” (Shinn, 2004: 43 (*italics in original*)). The mobility patterns of PhDs seem to put lower-tier schools at an additional disadvantage. Research by D’Aveni has shown that there is an inclination to

inbreeding in doctoral faculty migration patterns among top business schools as they form a rather closed system of intellectual exchange (D'Aveni, 1996).

Together, these two observations result in what we call the 'small school squeeze': smaller business schools [...] because they compete head-on with resource-rich larger schools for faculty and because the available pool of top faculty considering smaller schools is scarce.

### ***Eroding institutional commitment***

Nearly 40 percent of new doctorates aspire employment opportunities outside academia (Business Week, 2004). Doctoral faculty may not be able to resist the bait from outside their business school, like some of the lurking opportunities set out by other schools, new entrants competing with business schools, or the corporate sector (cf. Van Baalen and Moratis, 2001; Byrkjeflot, 2001; AACSB, 2003). As a general tendency, the institutional commitment of faculty has become increasingly subject to erosion. As Rhodes says: "[F]aculty loyalty has tended to drift from the university to external professional guilds, funding agencies, corporate sponsors, and private patrons, so that institutional engagement of faculty members has often declined, or is sometimes used to promote special interests or abstract proposal reforms" (Rhodes, 1999: XX).<sup>5</sup> In a similar vein, Slaughter and Leslie (1997) contend that the globalization of the political economy is a destabilizing force that influences existing patterns of academic professionalism making faculty members more or less free agents.<sup>6</sup> Crainer and Dearlove have called this phenomenon 'the business of professorship' (Crainer and Dearlove, 1999), showing ample evidence that the market for management education and management thinking brings high financial interests with it for business schools and business schools professors (also see Pfeffer and Fong (2004) and Joelson et al. (2001)). In general, there is a lot of opportunism within both academia and the corporate sector, leading to higher faculty mobility and cherry-picking behavior (Crainer and Dearlove, 1999; Lorange, 2003; European Training Foundation, 1998; Engwall, 1999). Whereas in a situation of lifetime employment it is relatively easy to retain people and knowledge within the confinements of the organization, the current volatile situation has made this much more difficult.



## **Research questions**

A plethora of studies have provided insight in the management of employee retention as a crucial organizational function for achieving and preserving competitive advantage (see for instance Pfeffer (1994), Fitz-enz (1997), Ramlall (2003), and Abbasi and Hollman (2000)). Retention, as a way of “talent management”, is a strategic priority (HR Focus, 1999, 2003). Effective retention strategies limit the level of turnover within an organization (see for instance the theories and works on employee turnover of March and Simon (1959); Porter and Steers (1973), and Mowday et al. (1982)) and guards the organization from the negative consequences of employee turnover (Hom and Griffeth, 1995).

Similarly, faculty retention is a central aspect for maintaining the quality of management education and management research. Although the observed problems may be not as equally pressing for European business schools as they are for American business schools, the issue of faculty retention is crucial for ensuring the future viability of European business schools. Academic complements are crucial strategic resources. The quality of business schools’ academic staff is directly reflected in the quality of management education programs and the perceptions of schools, in academic as well as business environments. The strength, in both research and teaching, and intellectual capital of their academic faculty is a source of competitive differentiation in the fragmenting management education environment. In light of the current developments in the management education environment, there is an urgent need for business schools to capitalize on these strategic resources to preserve the quality of our management education and research and to solidify their position in the new management education environment.

Faculty are increasingly submitted to market opportunities and interests and it is questionable whether business schools provide the organizational context for best capitalizing on and serving these respectively. The management of business schools continuously needs to ask itself this question since it directly concerns the motivation of faculty, which, in turn, determines faculty retention (cf. Peskin, 1973; Marvin, 1994). In Lorange’s words: “Faculty motivation matters. (...) To attract and keep such dedicated faculty, an academic institution has to be an eminently attractive and interesting place” (Lorange, 2003: 208). The perception of faculty members of their work and the organizational context they operate in should be a leading variable. Again, Lorange comments from his own experience that “[i]n general, it is thus critically

important that faculty members feel that they can do what they are interested in, what they are inspired by, what they wish – based on their own perception rather than having to force-fit their interests into programmes designed by others” (ibid., p. 187).

For deans/directors of business schools it is paramount to develop effective retention strategies based on an understanding of the factors that are relevant with respect to faculty retention. It should be noted that these faculty perceptions may of course vary and differ from how the business school’s management thinks faculty perceives the organizational context. There is a possibility that deans/directors emphasize and base their schools’ policies on sets of factors that are not as relevant to their faculty as they think they are. Not knowing what factors and to what extent these factors drive employee retention may result in suboptimal resource allocation by the HR function, lead to absenteeism, costly re-training programs, and production slowdowns, and eventually result in employees leaving the organization (Kovach, 1987: 58). Management has the task to gain a sufficient understanding of what motivates and drives employees within the context of the roles they perform (ibid., p. 65). Therefore, the research questions that have guided our study are:

1. What factors are important for business school faculty retention?
2. Are there differences in what deans think faculty finds important retention factors and what faculty actually finds important factors?

### **Retention gaps**

A central notion in our study is the notion of gaps. For the purposes of this article we define a gap as a discrepancy or difference between two perceptions on a single item. Gaps have been a key topic in many studies. With respect to customer expectations, for instance, Luk and Layton wrote on perception gaps between managers-service providers and managers-customers (Luk and Layton, 2002). Rodgers (1999) examined differences in perception between managers and non-managers on ownership in employee-ownership companies. From the perspective of the information systems (IS) industry, Lee et al. (2002) identified gaps between IS academics and IS practitioners as to the required knowledge and skills of IS

professionals to perform successfully in their jobs. Russo et al. (1995) examined the gap between the theory and practice of personnel management, by investigating the extent to which and the way in which experiences and findings from actual recruitment have been incorporated in economic theory. With respect to management education, ‘relevance gaps’ have been an object of study both from the perspective of curriculum content, academic theory and business practice and profiles of graduates (see e.g., AACSB, 2002; Crowther and Carter, 2002; Doria et al., 2003; Gordon and Howell, 1959; Pierson, 1959; Porter and McKibbin, 1988; Van Baalen, 1995).

Gaps exist as a result of the underlying assumption about business schools that we use in this research, namely that organizations are heterogeneous, ambiguous, social entities or communities (cf. March and Olsen, 1976).<sup>7</sup> As a result, multiple value systems, beliefs, and expectations exist, members of organizations place diverging demands on the organization, interests of various groups within organizations diverge, and determinants of functional performance levels may not run parallel.<sup>8</sup>

Business school faculty may have different motivations to be at their faculty (Lorange, 2003) and perceptions of what retention factors are most important may consequently differ. Also, gaps in the perceptions between management and employees can exist. Following Strauss’s social worlds theory (Strauss, 1978, 1982), differences in the contexts in which organizational actors operate may define differences in value systems, perceptions, and behaviors. Social worlds are the principle affiliative mechanisms through which people organize social life (Clarke, 1991). They determine people’s identities, their commitments to certain activities, and their adherence to shared ideologies (Becker, 1974; Strauss, 1982). Social worlds function as reference groups (Shibutani, 1955). In essence, the theory focuses on “how people organize themselves, and addresses how they do this in the face of others trying to organize them, and/or the broader structural situations in which they find themselves” (Clarke, 1991: 135). A related notion is that of structural holes in networks (Burt, 1992). Structural holes, defined as gaps between nonredundant contacts between two networks, exist because people focus on activities inside their own group, which creates holes in the information flow between groups (Burt, 2003: 5).

Within an organization different social worlds, and therefore gaps between the identities, commitments, ideologies, and perceptions of these social worlds, exist. Also, in terms of self-reference (Luhmann, 1996; Bailey, 1997; Kovach, 1987) the governance of organizations, the allocation of resources,

the enforcement of rules, and decision-making processes are then likely to be determined by, or at least biased towards, the perspective heralded by the social world that can exercise most influence. Regarding our study, administrators (business school deans) and employees (faculty) make up different social worlds. In each of these worlds, perceptions may differ as to the factors that are most important from a faculty retention point of view.<sup>9</sup> Deans, for instance, may allocate resources according to their own perceptions and interpretations of the value systems, beliefs, and perceptions held by faculty – which may be different from the actual value systems, beliefs, and perceptions of faculty.

With respect to employee motivation, such gaps have been empirically illustrated by Kovach (1987). From the analysis of survey data on motivational aspects of work among employees and managers, it appeared that “managers seem to operate under a self-reference system; they rank rewards as if they would want them for themselves and assume that their employees would subscribe to the same rewards” (p. 63). McClelland found that supervisors are interested in concrete measures, such as monetary incentives, that reflect their performance levels (McClelland, 1972). Similarly, Hong et al. (1995) observed “cognitive gaps” between management and worker on the importance of employee benefit programs.

### **Category and factor identification**

As specific academic literature on retention in universities and business schools is rather scarce, we relied on multiple sources for the identification and selection of relevant retention categories and factors. Two obvious sources were general or related academic literature, professional outlets, and empirical research on the subject of retention on the one hand and previously held faculty retention and satisfaction surveys by several universities and business schools on the other.

Sheridan (1992), for instance, studied the effect of organizational culture values on retention rates of college graduates in public accounting firms. He observed that variations in cultural values had significant effects on the rates at which newly hired employees terminated employment voluntarily. Aselage and Eisenberger (2003) addressed the importance of reputation, as a characteristic of an organization from which its members derive status and that creates trust, in relation to organizational support from employees. As has become clear over the last years, reputation, as a derivation of various business school

and MBA program rankings, has become a defining element of business schools (Corley and Gioia, 2000; Zimmerman, 2001). Leonard (1998) mentioned opportunities for skills development and recognition as key retention factors. Other sources that were consulted included studies by Mercer (1998), Kahl (1998), and Buckingham and Coffman (1999) as well as the seminal works of Maslow (1954) and Herzberg et al. (1959).

A group of deans and former deans of European business schools made up another important source in the process of identifying and selecting categories and factors. Prior to the questionnaire development process they were brought together in a group that served as a sounding board. By working through multiple stages of development, testing, and adjustment, our objective was to make the survey instrument as intersubjective as possible. This method would, in absence of available specific theories or lists of relevant factors and categories, ensure that our survey instrument would cover a sufficiently wide and relevant range of issues from a business school retention perspective.

Based on the general findings of the academic literature, a number of university and business school faculty retention and satisfaction surveys, and our own experience we developed an initial inventory of factors and categories. Consequently, we presented the result to the sounding board, which led to only a small number of remarks. The total identification and selection process eventually resulted in a 7-category, 42-factor questionnaire. Table 1 contains the categories used in the survey and examples of factors within these categories. We chose for a 10-point quasi-interval scale allowing sophisticated data interpretation possibilities, both within-category and between-category comparisons of factors.

*Table 1 – Questionnaire categories and examples of factors*

<b>Category</b>	<b>Factors (examples)</b>
The school's culture and values	Academic freedom, Stimulating peer community, Innovativeness and progressiveness of the school
The school's reputation and position	reputation of the school in the academic community, Reputation of the school in the business community, International orientation of the school
Conditions of employment	Remuneration, Career opportunities, Resources for professional activities
Personal and professional development	Balance between work and life, Opportunities to work with

	people outside the school, Opportunities for professional development
Teaching climate	Recognition of teaching achievements, Availability of teaching support, Quality of students
Research climate	Research time, Financial resources for research, Availability of research facilities
Work environment	Geographic location of the school, Professional opportunities for partner, Campus quality

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### **The survey process**

We offered this questionnaire to two groups within European business schools: deans and faculty members. All respondents, from both groups, were asked to attribute a score to each of these 42 factors and seven categories (i.e., a ‘factor score’ and a ‘category score’). These scores should reflect the level of importance for faculty to the retention factors and categories as they perceive them. We also included classification questions in the questionnaires in order to further explore the results from the surveys. For deans, these classification questions included age-related, gender-related, and background-related questions, as well as questions on school characteristics (e.g., enrollment figures, constitution of program portfolio, accreditations received). For faculty, these questions included age-related and gender-related questions, as well as questions related to their discipline (e.g., marketing, finance) and rank (e.g., associate professor).

We used a combination of paper and online survey techniques in our research. The questionnaire that was to be completed by deans was sent to them by regular mail on paper. We specifically chose to use this paper-based survey form for deans since we were assured from several sources that business school deans would probably not be prone to completing an online survey. The deans survey was sent out in September 2003 to 181 deans of efmd member business schools as noted in the efmd Membership List Edition 2003. We included detailed explanations with it, so it would be clear to deans that they were expected to score the factors from a faculty perspective. We followed the suggestions by Dillman for survey processes to optimize the response rate (Dillman, 1978; 2000).<sup>10</sup> By December 2003 the survey had yielded 69 responses, equaling a response rate of 38.1 percent. The 69 responding schools represented 18 countries.

The faculty survey *was* put online, which was primarily motivated by the number of faculty members expected to be reached and to respond.<sup>11</sup> Since we did not have a database containing the names and email addresses of all faculty members of all business schools in our research at our disposal, we had to find a way of reaching them. Our solution was to ask deans to identify a ‘faculty liaison’ for his or her school after having completed the survey. In several cases this was the dean for academic affairs, while in a minor number of cases the deans themselves served as their school’s faculty liaison. After the deans surveys had been collected we contacted the faculty liaisons of the respective schools and sent them two documents by email by which they could inform their faculty about our research project and invite, stimulate, and remind them to complete the faculty survey online. The deadline for completing the survey was mid-December 2003. By that date, 343 faculty members of 38 schools representing 12 countries had completed the online survey.

Before presenting the findings, the reliability of the seven faculty retention categories incorporated in this study has to be investigated as there is no prior literature on the retention on business school faculty that presents a measurement instrument. As mentioned before, several sources were used to try to ensure maximum reliability of the constructs measured. Table 2 presents the reliability coefficients (Cronbach’s  $\alpha$ ) for the seven faculty retention categories for both faculty and deans.

*Table 2 – Reliability coefficients faculty retention categories (Cronbach’s  $\alpha$ )*

<b>Category</b>	<b>Faculty</b>	<b>Deans</b>
School’s culture and values	0.82	0.62
School’s reputation and position	0.81	0.74
Conditions of employment	0.78	0.59
Personal and professional development	0.83	0.74
Teaching climate	0.83	0.73
Research climate	0.91	0.93
Work environment	0.70	0.64

These reliability coefficients are on or above conventionally accepted levels. The lower reliability scores for deans may be a function of the lower sample size. This exploratory derived measurement tool is certainly a first step towards a systematic categorization and valuing of faculty retention factors.

## Findings

In this section, we present the findings of our survey. First, we review the general scores relating to faculty retention factors and categories by European business school faculty and deans. Second, gaps in perception between faculty and deans will be discussed in more detail. Based on these gaps, potential long-term problem areas will be identified.

The importance scores attached to all 42 retention factors are presented in Table 3. As a general observation, deans overestimate the importance of the retention factors when we compare their scores to the scores attributed to the respective retention factors by faculty. Faculty attach the highest importance score to academic freedom (8.00), followed by research time (7.70) and geographic location of the school (7.69). In the perception of deans, however, faculty attach the highest scores to stimulating peer community (8.16), followed by innovativeness and progressiveness of the school (8.15), and academic freedom (8.09). Statistically significant gaps ( $p < 0.05$ ) arise for 18 out of the 42 retention factors. The most significant gaps are found for the factors identification with the school's mission, innovativeness and progressiveness of the school, opportunities for sideline activities or additional jobs, and professional opportunities for partner. Deans overvalue the importance of these factors for faculty retention. Almost all significant gaps appear in the categories (1) school's culture and values and (2) school's reputation and position, (3) conditions of employment, and (4) teaching climate.

*Table 3 – Average importance scores 42 faculty retention factors*

	Deans (N=69)	Faculty (N=343)
<b>Category 1: School's culture and values</b>		
Academic freedom	8.09 (1.83)	8.00 (1.91)
Stimulating peer community	8.16 (1.72)	7.59 (1.90)*
Participation in decision-making process	6.56 (2.05)	6.52 (2.23)
Identification with school's mission and strategy	7.96 (1.73)	6.71 (2.34)***



Availability of resources for new initiatives	7.87 (1.39)	7.24 (2.02)**
Innovativeness and progressiveness of the school	8.15 (1.51)	7.36 (2.00)***

**Category 2: School's reputation and position**

Reputation of the school in the academic community	8.00 (1.58)	7.36 (1.97)*
Reputation of the school in the business community	7.54 (1.97)	6.81 (2.35)*
Prestige/reputation of the department/discipline	7.72 (1.71)	7.15 (2.11)
Composition of the program portfolio	6.91 (1.88)	6.33 (2.09)
International orientation of the school	7.94 (1.56)	7.19 (2.35)**
Partners in the school's network	6.79 (1.80)	6.01 (2.46)**

**Category 3: Conditions of employment**

Remuneration	7.79 (1.54)	7.02 (2.27)*
Career opportunities	8.01 (1.79)	7.27 (2.23)**
Job security	7.28 (2.34)	6.84 (2.41)
Non-financial reward systems	7.04 (1.86)	6.11 (2.60)**
Resources for professional activities (e.g., conferences, projects)	7.87 (1.57)	7.43 (2.09)
Opportunities for sideline activities or additional jobs	7.71 (1.92)	6.66 (2.60)***

**Category 4: Personal and professional development**

Balance between work and life	7.55 (1.85)	7.33 (2.31)
Opportunities to work with people outside the school	7.41 (1.54)	7.11 (2.25)
Opportunities and facilities for family	5.53 (2.36)	4.58 (2.87)*
Opportunities for personal growth and development	7.81 (1.59)	7.24 (2.46)
Opportunities for professional development	8.00 (1.51)	7.59 (2.19)
Opportunities to pursue cross-disciplinary scholarship	6.18 (2.18)	5.91 (2.76)

**Category 5: teaching climate**

Teaching time	7.91 (1.36)	7.27 (2.03)**
Recognition of teaching achievements	7.24 (1.65)	6.64 (2.44)*
Availability of teaching support (e.g., assistants)	6.64 (1.99)	6.24 (2.44)
Availability of teaching facilities (e.g., ICT)	6.85 (1.94)	6.50 (2.32)
Quality of students	7.97 (1.69)	7.21 (2.17)*
Participation in executive education	7.12 (2.31)	6.20 (2.92)**

**Category 6: Research climate**

Research time	7.94 (2.04)	7.70 (2.26)
Recognition of research achievements	8.09 (2.14)	7.48 (2.33)
Financial resources for research	7.46 (2.19)	7.27 (2.40)
Availability of research support (e.g., assistants)	6.67 (2.05)	6.45 (2.60)
Availability of research facilities (e.g., databases)	6.86 (2.12)	6.67 (2.55)
Research climate within the school	7.80 (2.17)	7.45 (2.26)

**Category 7: Work environment**

Geographic location of the school	7.93 (1.61)	7.69 (2.15)
Necessity to speak local language (on top of English)	5.12 (3.02)	5.13 (3.26)
Professional opportunities for partner	6.39 (2.30)	5.18 (3.24)***
Campus quality	6.91 (1.93)	6.50 (2.30)
Office quality (e.g., space, location, secretarial support)	7.01 (1.96)	6.90 (2.13)
Competency of administrative staff and support services	6.96 (1.80)	6.76 (2.14)

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\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

When we look at the overlap between the two sets of highest scoring factors, it appears that deans and faculty share seven out of the top 10 factors. Deans seem to have a reasonable idea on the most important retention factors of faculty. Striking, however, is the difference in importance scores related to the factor identification with the school's mission and strategy. Deans overrate this factor tremendously (7.96 versus 6.71 or rank 9 versus rank 26). Table 4 shows comparisons between factor rankings by faculty and deans.

*Table 4 – Top 10 retention factors according to faculty and deans*

<b>Factor</b>	<b>Rank faculty</b>	<b>Rank deans</b>
Academic freedom	1	3
Research time	2	10
Geographic location of the school	3	12
Stimulating peer community	4	1
Opportunities for professional development	5	6
Recognition of research achievements	6	4

Research climate within the school	7	17
Resources for professional activities (e.g., conferences, projects)	8	14
Innovativeness and progressiveness of the school	9	2
Reputation of the school in the academic community	10	7
Stimulating peer community	4	1
Innovativeness and progressiveness of the school	9	2
Academic freedom	1	3
Recognition of research achievements	6	4
Career opportunities	14	5
Opportunities for professional development	5	6
Reputation of the school in the academic community	1	7
Quality of students	17	8
Identification with school's mission and strategy	26	9
Research time	2	10

When we take a look at the seven retention categories that the survey distinguished (Table 5), deans overestimate the importance of all retention categories except for the category work environment. According to the deans, the reputation of the business school and the school's are the most important faculty retention categories. Faculty, on the contrary, appear to see possibilities for personal and professional development and conditions of employment as the most important retention categories. Again, this illustrates that there is empirical evidence that perceptions differ between deans and faculty.

*Table 5 – Importance scores 7 retention categories*

<b>Category</b>	<b>Dean</b>	<b>Faculty</b>
School's culture and values	7.99	7.18**
The school's reputation and position	8.10	7.64***
Conditions of employment	7.85	7.71**
Personal and professional development	7.93	7.74**
Teaching climate	7.49	7.17
Research climate	7.75	7.64*
Work environment	6.88	7.42

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

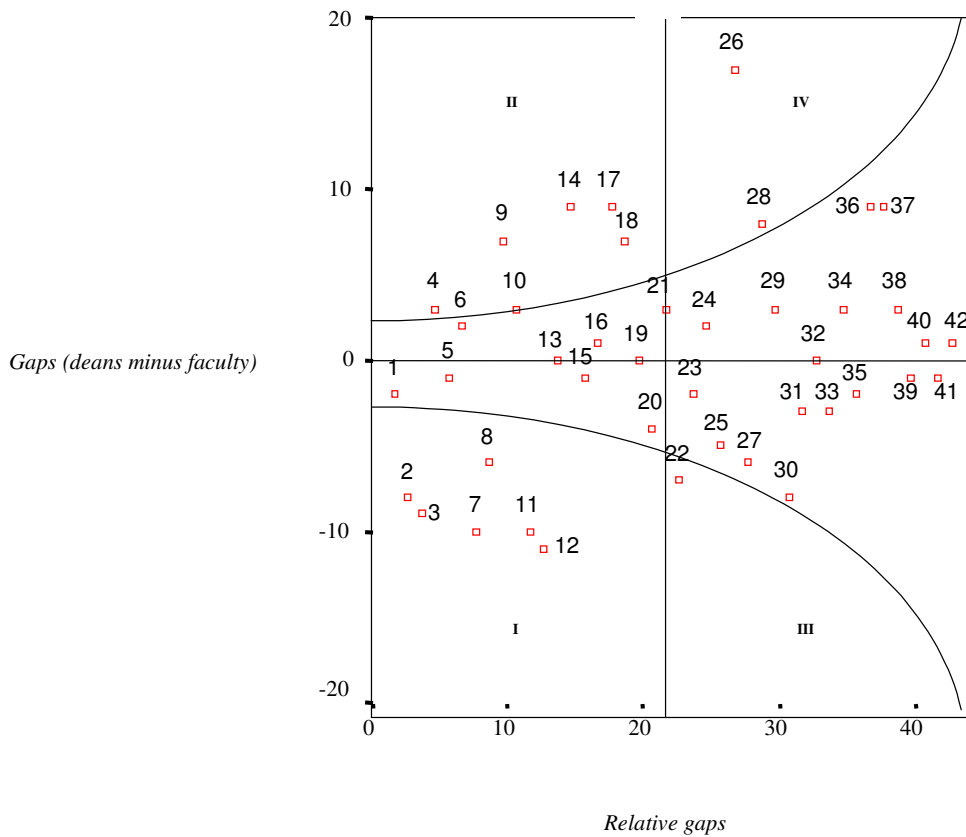
As the deans consistently overestimate the importance of the 42 faculty retention factors, we try to explore potential problem areas by using the relative rankings of both faculty and deans. A significant absolute difference exists for almost half of the faculty retention factors that were measured in our survey. But, if deans agree with faculty on the relative importance of the different faculty retention factors, the decision-making behavior and resource allocation by deans will probably satisfy and motivate current faculty, preventing or diminishing faculty shortage problems. Figure 1 presents the 42 faculty retention factors rank-ordered according to their relative importance. It depicts the relative gaps (gaps in rankings of deans and faculty) versus the ranking of the factors. The horizontal axis represents the relative importance of the retention factors according to faculty. Hence, the closer to the origin, the more important these retention factors are to faculty. The vertical axis represents the gap between the relative importance of the faculty retention factors for deans versus faculty. A positive gap indicates that deans overestimate the relative importance of this retention factor for faculty. A negative gap indicates that deans underestimate the relative importance of this retention factor for faculty.

Especially the retention factors positioned in this figure under the nil-line and close to the origin are potential problem areas (Quadrant I). The further under the nil-line, the greater the relative importance gap between deans and faculty. Faculty finds these factors relatively (much) more important than deans think faculty do. Again, it turns out that besides academic freedom and research time also the more practical factors like geographic location and balance between work and life are relatively very important for faculty but are not identified as such by deans. These factors may evolve into long-term problem areas if not dealt with properly by deans. Quadrant II represents retention factors which are important to faculty, but of which the relative importance is overestimated by deans. This may lead to suboptimal resource allocation by deans. Quadrant III and IV represent those factors which are less important to retain faculty. Retention factors centered around the vertical nil-line vary on importance for faculty, but are correctly judged by deans on their relative importance for faculty to stay at their business school. Additionally, a band-width has been added to the figure. Faculty retention factors which are recognized in their importance by deans are not indicative for possible problem areas. The more important retention factors are, the better insight deans should have regarding those factors. Therefore, a non-linear intuitive

band-width is added to the figure. When we look at this band-width, it turns out that there is a balance between the number of faculty retention factors which are underestimated and overestimated by deans leaving room to reallocate resources in more balanced manners.

It should be noted that Figure 1 is based on aggregate data (i.e., data across the respondents from different business schools). Nevertheless, we think our instrument could also be used for individual business schools as it is able to indicate differences between faculty and dean on separate faculty retention factors. Also, the band-width is intuitive and flexible. Enlarging or reducing it can be used to identify the most problematic factors and to see at the same time from what other retention factors resources may be withdrawn to handle existing problem areas.

Figure 1 – Faculty retention gaps



Rank	Factor	Rank	Factor
1.	Academic freedom	22.	Office quality
2.	Research time	23.	Job security
3.	Geographic location	24.	Reputation school business
4.	Peer community	25.	Competency support services
5.	Professional development	26.	Identification mission
6.	Research achievements	27.	Research facilities
7.	Research climate	28.	Sideline activities
8.	Resources professional activities	29.	Recognition teaching
9.	Innovativeness	30.	Participation decision-making
10.	Reputation academia	31.	Teaching facilities
11.	Balance work/life	32.	Campus quality
12.	Financial resources research	33.	Research support
13.	Teaching time	34.	Program portfolio
14.	Career opportunities	35.	Teaching support
15.	Personal development	36.	Executive education
16.	Resources new initiatives	37.	Non-financial rewards
17.	Quality students	38.	Partners school network
18.	International orientation	39.	Cross-disciplinarity
19.	Reputation department	40.	Career opportunities partner
20.	Work with people outside school	41.	Speak local language
21.	Remuneration	42.	Facilities family

### **Limitations of the study and further research**

This research has several limitations. Its main limitation, we would argue, lies in our approach of the category and factor identification process. As we have pointed out, we relied on multiple sources in this process, but we did not involve faculty in this process survey development. It should be remarked that although including such a faculty perspective upfront could have enhanced the validity of our study, this would have resulted in a lengthy investigative effort prior to the actual survey. We hence opted for an approach that circumvented this by involving deans from several business schools to evaluate our survey. This was thought to be an adequate and efficient alternative as deans are likely to have a general idea on what drives their schools' faculty. In addition, we were strengthened by the completeness of our survey as

we only received a single remark about the factors included (or missed) in our survey from the respondents of the online survey. We felt further supported by the solid Cronbach's  $\alpha$  scores for the retention categories in our survey. Hence, although we admit that the approach we used may have biased the findings, we would argue that, if that is the case, this bias is limited.

Next, this study has only focused on general insights in retention and retention gaps and is consequently limited to these areas of attention. If we want to make inferences on the actual role of such gaps we should include a 'faculty satisfaction score' and a 'dean influenceability score' in our research. A faculty satisfaction score would signify the extent to which European business school faculty are satisfied with the respective retention factors. A 'dean influenceability score' would indicate the extent to which deans feel they are able to influence the respective factors. Together, these three measures would provide a more detailed insight in faculty retention in European business schools and a specification of the problem areas that business schools face with respect to faculty retention. Specifying the results to respondent characteristics as well as to school characteristics would also increase the value of the research findings. With regard to faculty and deans, characteristics such as gender, age, and background (both related to faculty members and deans) may influence the results and provide an opportunity to obtain more detailed insights. With regard to business school characteristics, issues like a school's size, whether it is a public or a private school, and a school's accreditation may prove useful to differentiate our findings. Further research should incorporate these measures and characteristics in order to get more detailed understanding of the topic under investigation.

It should also be noted that retention factors are likely to change over time. As a set, the 42 factors are not fixed. The institutional environment of business schools is changing (AACSB, 2002). Conversely, this also relates to the retention categories. Research into faculty retention should therefore be conducted periodically in order to account for changes in retention factors and categories.

## **Conclusion**

The research questions that we formulated in this paper were the results of our observations regarding developments in the management education environment that pose business schools with the challenge of effectively coping with faculty retention. As business school faculty constitutes a mission-critical resource,

the issue of faculty retention is of crucial importance to ensure future business school viability. The faculty retention survey that we developed recognized this importance as it aimed for identifying the most important faculty retention factors and categories as perceived by European business school faculty and deans.

With regard to our first research question (What factors are important for business school faculty retention?) the findings of our research suggest that academic freedom, research time, the geographic location of the school, a stimulating peer community, and opportunities for professional development were perceived as most important by European business school faculty.

With regard to our second research question (Are there differences in what deans think faculty finds important retention factors and what faculty actually finds important factors?) it appears that, although deans seem to have a reasonable idea on the most important retention factors of faculty on the whole, perceptions of deans and faculty differ as to the factors which are most important from a faculty retention point of view. Of the top 12 retention factors as perceived by business school faculty, only three factors are located within the tentative band-width. Of the nine factors that fall outside the band-width, six may pose a problem as deans underestimate the importance of these factors as perceived by faculty. Decision-making and resource allocation by deans with regard to these factors should take into account these gaps as ignoring them may eventually lead faculty to leave their school and costs valuable resources that may be better used for addressing problems in other areas. A similar observation applies to the retention categories used in our research.

Deans incorrectly believe that faculty attach more importance to 'institutional' issues than to the practical issues. While faculty appreciates freedom and having possibilities for personal and professional development, deans wrongly believe that the 'institutional' issues such as culture, reputation, and internationalization are much more important to retain faculty.

Our findings lead us to think that deans and faculty seem to make up different social worlds. For deans, understanding the social world of business school faculty to the best extent possible may be of vital importance to address some of the most cutting problems that the business school community faces. Obtaining insight into what drives business school faculty may help deans to formulate sound and appropriate retention policies.



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## Endnotes

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<sup>1</sup> In the annual Financial Times ranking, for instance, faculty-related measures account for around 25 percent of the total score. BusinessWeek has also incorporated a research measure into its ranking. A high score on this measure will enhance overall business school prestige ranking.

<sup>2</sup> In addition, Jerold Zimmerman observed that the top 10 schools in terms of PhD production have reduced their PhD output by one-third each year and notes that the forecast for the next decade is to graduate only half the numbers of PhDs as compared to the 1990s (Zimmerman, 2001: 15).

<sup>3</sup> There could be a destructive pitfall in addressing the most important challenges at the cost of rising to the challenge the doctoral faculty shortage poses. Competition between business schools seems to have confined itself to achieving the highest position in business school rankings (Corley and Gioia, 2000). Zimmerman argues that pressured by this media rating race, business schools are locked in “dysfunctional competition” which has caused them to “divert resources from investment in knowledge creation, including doctoral education and research, to short-term strategies aimed at improving rankings” (Zimmerman, 2001: 1). Coping with the emergence of new competitors, which include corporate initiatives and overseas business schools, may conflict with solving schools’ looming academic deficiencies.

<sup>4</sup> For other strategies we refer to a subsequent report by the AACSB’s Doctoral Faculty Commission (AACSB, 2003) that addresses a number of viable options business schools can explore to cope with faculty shortages.

<sup>5</sup> This is, however, not a phenomenon restricted to the academic context, but reflects a general trend. Gallup research discovered that a mere 26 percent of the working population is ‘fully engaged’ in their work – the remaining part is either ‘not engaged’ (55 percent) or ‘actively disengaged’ (26 percent) (Buckingham and Coffman, 1999).

<sup>6</sup> Academic capitalism is defined as “any institutional and professional market or marketlike efforts to secure external moneys” (Slaughter and Leslie, 1997: 8). Business schools and management professors have long been positioned at the intersection of academy and the market (a position that business schools and their constituents have long been uncomfortable with) and they can be seen as the academic capitalists *par excellence* of the academy (cf. Van Baalen and Moratis, 2001, 2004).

<sup>7</sup> Russo et al. (1995: 3) comment on this issue of heterogeneity by stating that “[i]n the real world, workers differ because they are differently endowed (or have different abilities) and because otherwise equal workers show different productivity in the same job in different firms (jobs are also heterogeneous).”

<sup>8</sup> For instance, Trieschmann et al. (2000) have investigated business schools research and MBA program performance levels and concluded that the determinants of these performance dimensions differ.

<sup>9</sup> It should be noted that social worlds cannot be understood in isolation. The boundaries of these worlds are permeable – they touch and interpenetrate (Gerson, 1978). In our case, the social worlds of business school faculty and deans interfere to a certain extent. Processes of stakeholder involvement like participatory management and the establishment of representative advisory bodies or deans that also hold positions as faculty members at academic departments are illustrations of this.

<sup>10</sup> In line with Dillman’s suggestions for generating the highest response possible and effective response management, we promised deans to make the results of the survey available to them through various channels, stressed that the survey project

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(presented as a joint initiative of efmd and RSM) was as important to them as it was for us, emphasized that the data would be dealt with confidentially and results would only be presented in aggregate form, and reminded those that had not completed the survey yet to do so after three weeks (Dillman, 1978; 2000).

<sup>11</sup> Indeed, it is a generic benefit of online surveys that the marginal costs of respondents completing the online survey approach zero with large enough numbers. Online surveys may also provide the benefit of not having to process the surveys manually, which is a rather laborious job in cases of large numbers of respondents.

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LIS Business Processes, Logistics and Information Systems  
ORG Organizing for Performance  
MKT Marketing  
F&A Finance and Accounting  
STR Strategy and Entrepreneurship