PERCEPTIONS OF PAY INEQUITY: UNRAVELING A TANGLED WEB

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One spring morning, Brenda Becker, a long-term Instructor of Marketing at Union State University, appeared in Department Chairman John Forrester's office to complain (again) about her salary and job conditions. Having learned of an upcoming pay increase program at the University, she was pressing Forrester to commit to upgrade her salary for the coming year. She recently discovered she was the lowest paid of three instructors and the lowest paid of the 13 faculty members in the Department (from a database web link in the local newspaper). Becker believed her experience and work record as a faculty member justified a sizable adjustment in her pay. In addition to her low pay, she related other complaints about her job situation, noting that her teaching load was too heavy, she was given little graduate assistant help with her large classes, and her funding for professional travel to development conferences was low compared to other faculty.

Though having a general knowledge of the issues, Forrester told her he would need to look further into the history of faculty pay in the Department. He also told her he would do what he could for her once the pay plan details were known. Later, following his review and analysis of the department salary history and performance ratings, Forrester was not entirely comfortable with what he found. When the details of the new salary increase program were announced, Forrester was further troubled about what he would do and how he would communicate to Becker.

MONDAY MORNING

On a sunny Monday morning in late April, John Forrester, Chairman of the Marketing Department at Union State University, came into his office with his usual cup of coffee and sat down. On his desk was the stack of faculty activity and evaluation reports that he needed to complete. Shunning that task for the moment, he thought he'd look at the emails first. A moment later, Brenda Becker, an Instructor in the Department, appeared in the doorway. "Good morning, John. If you've got a minute, there's something I want to talk about with you".
"Sure, Brenda, come on in," Forrester replied.

"John, I had lunch with a faculty friend in the Psychology Department yesterday, and he heard there will be some decent pay increases in the budget for next year. It's about time. We haven't had anything other than tiny increases for a long time – when we have had pay raises at all," Becker remarked.

"Yep, Brenda, it seems the legislature has been occupied with K-12, prisons, and roads in recent years and pay raises haven't got much attention. The rumor is that we will get some salary money this year, but we won't know until we know, and that could be a little while since the state governing board and the University have to establish the guidelines. And you have been here long enough to know that campus rumors aren't always true," Forrester cautioned.

Becker continued, "John, as you know and I have reminded you more than once, it's time that I get a good raise. I have been here for over 10 years, and I think I've done pretty good work. I checked the salary database published in the newspaper yesterday and found that I have the lowest salary of any faculty member in the department. Nothing personal against my colleagues, but Jerry makes over $8,000 more than I do, yet I know he made less than I when I was hired. Jerry teaches only three courses a semester while I teach four. Also, Andrew's salary is way ahead of mine." Her voice rising, she continued, "And, gad! The new tenure-track marketing faculty we are hiring are coming in for twice what I make, and some have little or no experience in teaching or business! They teach less than I do, they don't do as much department service".

Not wanting to get caught up in the myriad of issues Becker was raising, Forrester interrupted her. "Look Brenda, I think I know a little about the situation, and it gets complicated with the different faculty in our department. But right now, this pay thing is speculation. We don't know the rules of the game for the pay increase program. And, as they say, 'the devil is in the details.' I will do what I can for you when we know more about the pay increase program and what the guidelines are. And I will take a look at the salary history in the Department. We can talk again later once I have good information. OK?"

Sensing she had pushed her point far enough for the moment, Becker retreated toward the door. "OK, John, we can get into this again later. I know that you've got plenty to do, but I want you to know that this is really important to me. I've got a kid in college now, and I feel like I've paid my dues. And I might add that being the lowest paid faculty member means that I'm the lowest paid female!

"OK, Brenda, I promise you I will look into this," Forrester responded.

BACKGROUND

Dr. John Forrester was Professor and Chairman of the Department of Marketing at Union State University, a large university in the Southeast. University enrollment was over 20,000, and the College of Business had nearly 2,800 students, offering degree programs at the bachelor's, master's, and doctoral levels. The Department of Marketing had 13 faculty members who taught courses in general marketing, advertising, sales, consumer behavior, retailing, and marketing research. Ten of the faculty members were on tenure-track appointments (assistant, associate, or full professors), and three were instructors who were appointed on a year-to-year basis. Though the instructors were on annual contracts, two of the marketing instructors had been on the faculty for over 10 years and one was hired five years ago.

Like many universities across the country, the mission of Union State had evolved over the last twenty years, and the school was placing greater attention on graduate and doctoral education. A major outcome of this change in direction was the increasing emphasis on faculty research, both university-sponsored and external-grant funded. Within the College of Business and the Department of Marketing, faculty members were expected to be engaged in producing "intellectual contributions" which largely translated to producing papers and journal articles that evidenced their scholarly activity. Though the increased emphasis on research was not universal among the faculty, as instructors were employed chiefly to teach, the general expectation was that most faculty members would be engaged in research that could lead to publications in academic and professional journals and papers at academic conferences or for business professionals. To support this objective, faculty members on tenure-track appointments received reduced teaching loads to provide them time to conduct research and pursue publication opportunities.

Faculty performance evaluations for the marketing faculty were conducted each spring by the department chairman and followed a standard process. Each faculty member filed a report that contained a detailed summary of his/her activities and accomplishments over the previous year, i.e., papers published, teaching innovations, student ratings of instructor performance, course syllabi, grants received, documentation of program development and service activities, etc.

The department chairman then assessed the level of a faculty member's contributions in each of the five categories below:

1. Instruction

2. Advising
3. Research/Scholarly Activities
4. Public and Professional Service
5. University Service

There were variations in the percent of effort devoted to each category based on the individual faculty member's assignments, and not all faculty members had assigned responsibilities in each area. The sum of the allocations of percent effort had to be 100%. The major responsibilities of most faculty members were in two of the categories: Instruction and Research/Scholarly Activities, with these two typically accounting for 70% to 85% of one's assigned responsibilities and having the most impact on one's evaluation.

In each category, the chairman assigned one of five ratings to the professor's performance:

Excellent
Very Good
Good
Improvement Needed
Failure to Meet Responsibilities

The ratings in each of these five categories were then combined to determine an overall performance evaluation rating for the faculty member. For example, if one received 75 percent "Excellent" ratings and 25 percent "Very Good," the overall rating would fall into the "Excellent" category.

Faculty performance evaluations were used in several ways. They were a basis for faculty development and provided a valuable source of information for tenure and promotion decisions. They were also very important in recommendations for salary increases, at least during years when discretionary funds were available to the department chairmen. In these situations, salary increase proposals were expected to be consistent with the faculty members' ratings. In some years, however, pay increases were "across-the-board" (ATB) adjustments, and there were no discretionary funds to recognize differential performance among faculty members. In other years, due to state budget austerity, there were no salary increases at all. An internal joke among the faculty was that it was worth the effort to push your department chair for the highest rating when there were discretionary funds to award merit, but you should not waste your time when there were to be no pay increases or only ATB adjustments.

Although not all faculty members liked the evaluation system, there were few appeals of the chairman's evaluations to the Dean's Office each year. The system had been developed through a university-level faculty committee years earlier, and it had gained general acceptance by University faculty.

BRENDA BECKER'S SITUATION

Brenda Becker had been a faculty member at Union State for over 10 years. She held Bachelor of Business Administration (BBA) in marketing and later earned a Master of Science in marketing, specializing in advertising. She had several years of professional experience working in advertising firms and later in marketing for a non-profit organization. She, along with two other instructors who also held master's degrees, taught undergraduate courses.

The instructors typically taught four courses per semester, whereas the tenure-track professors usually had two or sometimes three courses per semester. The instructors were more heavily involved in the lower-level courses, where the tenure-track faculty taught most of the upper-division undergraduate and graduate courses. Instructors were expected to engage in activities that maintained their currency in the field through participation in seminars, conferences, consulting, professional organizations, and contributing to practitioner publications, or other activities that could validate competence in their specializations. A major difference in expectations was that the tenure-track faculty were expected to be extensively engaged in research projects that would lead to publication in respected academic and professional journals. Indeed, having a solid publication record in respected journals was necessary to gain tenure and promotion to senior ranks, a major change that had evolved over the last 20 years. Also, in departmental policy decisions affecting curriculum, student policies, and faculty retention, the instructors had limited influence and did not have voting rights on faculty personnel matters.

Perhaps the most significant difference was that the tenure-track marketing faculty with Ph.D. degrees were paid much more than the instructors. This disparity was not unique to Union State but was common in business schools across the country. According to a 2013 survey by the leading business accrediting agency (Association to Advance Collegiate Schools of Business – International), the mean academic-year salaries for marketing faculty at the different academic ranks in US schools were:

Instructor: $71,700
Assistant Professor: $117.800
Associate Professor: $122,300
Professor: $155,600

Brenda Becker was dissatisfied with her pay for a number of reasons and had shared this with Forrester on several occasions. She had been cordial but persistent in her efforts. Becker claimed that she had been treated unfairly for years by the department chairmen under whom she had served. When she joined the faculty ten years ago, Becker's annual salary was $1,100 more than the other instructor. Now, however, relying on the salary reports from a web link published in the local newspaper, she learned that she was the lowest paid of the three marketing instructors, and that the highest-paid instructor made over $8,000 more than she did. Also, rather than being required to teach eight courses per year as she was, he was obligated for only six courses.

Forrester had met with Becker on several occasions during which her salary issue and related matters had come up. He had been the Department Chair for only two years, and he did not know the details of the pay history for the marketing faculty.

Although unfair compensation had been the main complaint of Becker, she had raised other job issues. Not only were the tenure-track marketing faculty members paid much more, they also received more graduate assistant support than the instructors. Graduate assistants might be assigned 20 hours per week to a senior faculty member, but the instructors would rarely get more than 5 hours per week. Though it was accepted that graduate assistants were important to support the research of the tenure-track faculty, Becker had been quick to point out that her teaching load, and that of the other instructors, was greater than that of the senior faculty. With large class sizes in the introductory courses taught by instructors, the demands of student grading were far more burdensome on them than for the tenure-track faculty.

Allocation of Department travel funds was another bone of contention for Becker. Travel funds were usually restricted to those who were presenting papers that had been accepted for the program. Though a marketing instructor might get funded for one trip per year to a professional conference, a tenure-track faculty member could be funded for two or three trips to professional conferences, chiefly to present papers about their research.

In Becker's conversations with Forrester, she had opined that these organizational practices were unfair, but Forrester had defended them, stating that the rise of the marketing faculty's professional visibility was critical to the department and college's success. Or as he had put it, "It's the marketing researchers in our shop who can put this place on the map, and they need to be supported."

THE RECORD OF SALARIES AND PERFORMANCE RATINGS

A few days after Becker dropped in to see Forrester, he began to review the department personnel files to get a better understanding of the salary history of the faculty, especially the marketing instructors. He wanted to see how the salaries had changed and for what reasons. And while doing this, he was mindful of Becker's female status as a member of a protected class. He was especially interested in finding how each faculty member's salary history was related to the corresponding annual performance evaluations.

His research showed that almost half of the raises in the last ten years had been across-the-board raises that applied to everyone, but there were four years in which merit pay was awarded. From his notes, he put together a spreadsheet that summarized the type of pay increase, salary history for each instructor, and the year-to-year changes over this period. The results are shown in Table 1 below:

TABLE 1
History of Marketing Instructor Salaries and Pay Increases

Date	Type of Raise	Brenda Becker (Hired in 2002)	Jerry Kennedy (Hired in 2001)	Andrew Cox (Hired in 2007)
8/2002		45,000	43,900	
8/2003	ATB	46,350 (3.0%)	45,217 (3.0%)	
8/2004	None	46,350	45,217	
8/2005	ATB+Merit	47,277 (2.0%)	51,526 (14.0%)	
8/2006	ATB	48,459 (2.5%)	52,814 (2.5%)	
8/2007	ATB	49,428 (2.0%)	53,870 (2.0%)	52,000
8/2008	ATB+Merit	50,16 (1.5%)	56,025 (4.0%)	53,300 (2.5%)
8/2009	None	50,169	56,025	53,300
8/2010	None	50,169	56,025	53,300
8/2011	ATB+Merit	51,423 (2.5%)	58,266 (4.0%)	54,633 (2.5%
8/2012	ATB+Merit	51,937 (1.0%)	60,305 (3.5%)	55,726 (2.0%)

At a glance, Forrester noted that there had been only modest pay increases for the faculty as state budgets had been tightening for years, but he was struck by the observation that Jerry Kennedy got an increase of 14.0% in 2005. "What's going on here?" he wondered. He pulled out Kennedy's personnel file and discovered an

August 2005 memo from the Dean of the College that appointed Kennedy as "Director of the College Honors Program." For this assignment, Kennedy was "to receive an annual stipend of $4,500 and a one-course per semester teaching load reduction that was to continue as long as he holds this position." That accounts for some of the jump in pay, he reflected.

Since the performance ratings completed in April were used in the pay increase recommendations which became effective in August for the next academic year, Forrester recorded the overall performance evaluations for each marketing instructor for each year. These data are presented in Table 2 below:

TABLE 2
History of Marketing Instructor Performance Ratings

Date	Brenda Becker (Hired in 2002)	Jerry Kennedy (Hired in 2001)	Andrew Cox (Hired in 2007)
4/2003		Very Good	
4/2004	Very Good	Very Good	
4/2005	Very Good	Very Good	
4/2006	Very Good	Exceptional	
4/2007	Very good	Very Good	
4/2008	Good	Very Good	Very Good
4/2009	Very Good	Exceptional	Very Good
4/2010	Very Good	Very Good	Good
4/2011	Very Good	Exceptional	Very Good
4/2012	Good	Exceptional	Very Good
4/2013	Good	Very Good	Very Good

Focusing on the years in which there were pay increases, he reviewed the two sets of data to see how the performance evaluation ratings of each faculty member correlated with the salary increases for the upcoming year. After studying the data for a while, he was not entirely comfortable with what he saw. Having been in the department chair position for only two years, he did not understand how some of the past pay increase decisions were made. And he knew that he would need to deal with Brenda Becker and her salary increase request in the near future.

THE SALARY INCREASE PROGRAM

In mid-April, the University administration announced via email that there would be a salary increase program. There was considerable enthusiasm about the program as information circulating on the grapevine said it provided for discretionary salary adjustments, in addition to small ATB raises. At a called meeting with the department chairmen, Phil Mansfield, the Dean of the College of Business, opened the session with a few general comments:

> I am pleased to inform you that this year we will have the opportunity to make some much-needed pay adjustments, especially for the high performers. Of course, there is not as much funding as we would like to have, but it's more than we have had for many years. We really need to use these dollars wisely and invest in those faculty who make a difference – those who are building our reputation. I think I have heard all of you complain about your inability to recognize differences in faculty members' performance and the problems this creates in terms of incentives. Well, this time you have that opportunity – so don't waste it! I will meet with each of you to review your pay increase recommendations before these go forward to the Provost. I have to get my recommendations to him in about 48 hours, so you will have to turn these pay increase forms around quickly. Don't discuss your recommendations with the faculty now since these have to be approved up the line before they're certain.

He then went through the specific guidelines, emphasizing the key points below:

- All full-time faculty members will receive a 2.0% pay increase except for those who had "Needs Improvement" performance rating for the past year.
- Increases will take effect with the beginning of the fall semester.
- 3.0% of the department's salary base will be available for merit/equity salary adjustments.
- Merit/equity increases can be recommended for individuals whose performance places them in the top half of the faculty in the department.
- Merit/equity increases cannot be recommended for less than 2.0% or for more than 10.0%.
- The department chairs' recommendations for salary increases were to be turned in to the Dean in 24 hours.

As Forrester left the meeting, he was encouraged that he would have flexibility in the pay program to make some needed salary adjustments, though the 3.0% discretionary pool was not a lot of money. However, he was a little uncomfortable with the guideline that restricted the merit/equity increases to the top half of the faculty in the department. In his musing, he thought about the difference between merit pay and an equity adjustment. He was not sure how all this would work out for his faculty.

When he returned to his office, he pulled out the performance evaluation summaries and his faculty salary roster. He had several faculty members whose salaries were well below market rates, and he worried that some of them might leave, especially if he couldn't upgrade their salaries significantly.

His thoughts then turned to Brenda Becker. He was to meet with her about her salary and treatment relative to other department faculty members. He thought he could at least speak to her complaints about not being treated as the tenure-track faculty in salary, teaching load, graduate assistant support, and travel. But he did not like some of what he saw when he looked at the salary history compared to the other instructors. To be eligible for an equity/merit adjustment, a faculty member's performance evaluation had to be in the top half of the department. He pulled out the folder with the faculty evaluations for the year and noted the distribution of ratings. Of the 13 faculty members in the Department, 3 were given Exceptional, 5 got Very Good ratings, 4 received a Good rating, and 1 was rated Needs Improvement. As he reviewed this information, he pondered how he would proceed and what hem would say to Becker. This is not going to be easy, he thought.