Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 4 Issue 2 (2024)

Determining Salary of Professors with Help of Student Average Package of the Institute: Mba and Bschools in India

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Abstract:

This research aims to assist professors applying for jobs in universities or business schools offering MBA or PGDM programs in calculating their remuneration. Despite various factors, such as years of experience and education qualifications, professors often receive less pay than they deserve. So We collected data from 236 universities in India To address this issue, we focused on determining the correlation between the average salary package that institution facilitates to its students through placements and the remuneration given to its professors then we used statistical analysis to develop an equation that would help professors calculate the appropriate remuneration.

Keywords: Salary of Professors, Average Package, MBA, B-Schools, Compensation

Introduction:

Higher education institutions rely heavily on the expertise of their faculty to provide high-quality education and produce successful graduates. Attracting and retaining highly qualified professors is crucial for the success of these institutions. One of the key factors that influences a professor's decision to join or stay with an institution is the salary offered. However, determining the appropriate salary for a professor can be a complex task, influenced by various factors such as experience, qualifications, and demand in the job market. This research study seeks to explore the relationship between the average package offered by MBA and B-schools and the salaries of professors teaching at these institutes. The rationale behind this research is that the average package offered by these institutes is an indication of the financial health of the institution, as well as its ability to attract and retain talented individuals. The research will investigate whether a positive correlation exists between the average package offered by these institutes and the salaries of professors. The study will involve collecting data on the average packages offered by various MBA and B-schools, as well as the salaries of professors teaching at these institutes. Statistical tools such as regression analysis will be used to analyze the data and draw conclusions. The findings of this research could provide valuable insights into the factors that influence the salaries of professors and could be useful in designing compensation packages that attract and retain high-quality faculty. The study could also help MBA and B-schools to benchmark their salaries against their peers and ensure that they remain competitive in the job market.

Objective of the Research:

Usual complaints of faculties, who apply for new job positions with universities or B-Schools in India is that they are not able to find the right remuneration claiming method for themselves. When it comes to central universities or Government universities, there is a specific remuneration package specified by University Grants Commision. The same cannot be applied for each and every university because of the reason that private universities or BSchools do not receive any external funding. The research mainly focuses and solves the problem of professors, who are looking for a method to claim remuneration using the average salary package that B School or the University offers for their students.

Literature review:

The article by 'Battista' (2014) examines the relationship between faculty salaries and institutional expenditures in MBA programs. The study aims to determine whether a positive correlation exists between these two variables and to identify other factors that may affect faculty salaries. The author analyzes data from 55 AACSB-accredited MBA programs in the United States and finds that there is a significant positive correlation between faculty salaries and institutional expenditures. The study also identifies other factors, such as program size and accreditation status, that have a significant impact on faculty salaries. This study provides valuable insights for MBA program administrators and can inform resource allocation and faculty compensation decisions. 'Kuo and Li' (2018) investigate faculty salaries in business schools accredited by AACSB. The Aim of the study is to identify the factors that influences faculty salaries and determine whether there are significant differences in faculty salaries across different types of institutions. The authors collected data from 323 AACSB accredited business schools in the United States and used regression analysis to examine the relationship between faculty salaries and various institutional and individual factors. The study found that factors such as faculty rank, teaching load, and research productivity have a substantial impact on faculty salaries. The study also finds that faculty salaries differ across different types of institutions, with private institutions paying their faculty members more than public institutions. The findings of the study can be used by administrators and policymakers in AACSB-accredited business schools to make decisions related to faculty compensation and resource allocation. 'Park' (2018) examines the relationship between faculty salaries and business school financial health. The aim of the study is to determine whether there is a relationship between these two variables and to identify other factors that may affect faculty salaries. The author analyzes data from 239 AACSB accredited business schools in the United States. He uses regression analysis to examine the relationship between faculty salaries and various financial indicators, such as net tuition revenue and endowment size. The study finds that faculty salaries are positively correlated with business school financial health. Additionally, the study identifies other factors, such as faculty rank, teaching load, and research productivity, that have a significant impact on faculty salaries. This study provides valuable insights for administrators and policymakers in business schools in making decisions related to resource allocation and faculty compensation. 'Wong and Chan' (2016) investigate the relationship between faculty salaries and institutional expenditures in Hong Kong business schools. Aim of the study is to determine whether there is a correlation between these two variables. It also aims to identify factors that may affect faculty salaries in Hong Kong business schools. The authors collected data from 14 business schools in Hong Kong and used regression analysis to examine the relationship between faculty salaries and institutional expenditures. The study found a positive correlation between faculty salaries and institutional expenditures. This indicates that business schools that spend more on resources tend to pay their faculty members more. The study also identifies other factors, such as academic rank and teaching experience, that have a significant impact on faculty salaries. This study can be useful for administrators and policymakers in Hong Kong business schools in making faculty compensation and resource allocation decisions. The article by 'Alpern and Renzulli' (2016) explores the role of faculty salaries in business school competitiveness. The study aims to investigate the relationship between faculty salaries and business school rankings. It also aims to identify factors that may affect faculty salaries in business schools. The authors collected data from 103 AACSB accredited business schools in the United States and use regression analysis to examine the relationship between faculty salaries and business school rankings. The study finds a positive correlation between faculty salaries and business school rankings, indicating that higher-paying schools tend to have higher rankings. The study also identifies other factors, such as research productivity and academic rank, that have a significant impact on faculty salaries. The findings of this study suggest that faculty salaries play an important role in the competitiveness of business schools and can be a valuable tool for administrators and policymakers in business schools to attract and retain high-quality faculty. Bonner and Szafran (2017) examine faculty salaries in business schools and the effects of accreditation and regional differences. The study aims to investigate whether there are significant differences in faculty salaries between accredited and non-accredited business schools, as well as between different regions of the United States. The authors collect data from 551 business schools in the United States. They use regression analysis to examine the relationship between faculty salaries and accreditation status and regional location. The study finds that accredited business schools tend to pay their faculty members more than non-accredited schools, and that there are significant differences in faculty salaries between different regions of the United States. The study also identifies other factors, such as academic rank and teaching experience, that have a significant impact on faculty salaries. The findings of this study can be useful for administrators and policymakers in business schools to understand the factors that influence faculty compensation and to make informed decisions related

to resource allocation and accreditation. Chan and Wong (2015) investigate faculty salaries in Hong Kong business schools. Study uses data collected from survey of 10 business schools in Hong Kong. It applies regression analysis to explore the relationships between faculty salaries and various factors such as academic rank, years of teaching experience, and research productivity. The study reveals that academic rank and research productivity are the two most significant factors that influence faculty salaries in Hong Kong business schools. The study also finds that years of teaching experience and administrative roles have a positive impact on faculty salaries, while gender and age have no significant effect. These findings provide valuable insights for administrators and policymakers in Hong Kong business schools to develop effective strategies for faculty recruitment and retention, as well as to allocate resources appropriately to reward and incentivize faculty members. The study's results also have implications for other institutions and countries with similar academic contexts. The article by Karunaratne and Choon (2019) investigates the impact of business schools' average placement package on faculty salaries in Malaysia. The study uses survey data collected from faculty members in business schools across Malaysia. It applies regression analysis to explore the relationship between faculty salaries and the average placement package of the business school where they are employed. The results of study reveal positive and significant correlation between faculty salaries and the average placement package of the business school. This suggests that higher average placement packages are associated with higher faculty salaries. Study also finds that other factors such as academic qualifications, research productivity, and years of teaching experience have a positive impact on faculty salaries. However, gender and age have no significant effect. These findings provide significant insights for administrators and policymakers in Malaysian business schools to develop effective compensation policies for faculty members. The study's results also have implications for other institutions and countries with similar academic contexts. The article by Park, Kim, and Kim (2019) explores the relationship between average placement package and faculty salary in Korean business schools. Study employs quantitative research designs, analyzing data collected from a survey of 130 faculty members from 32 business schools in Korea. The authors find that there is a significant positive relationship between the average placement package and faculty salary. This suggests that schools with higher placement packages tend to offer higher salaries to their faculty. However, the study also notes that other factors, such as academic rank and years of experience, also play huge role in determining faculty salaries in Korean business schools. Overall, the article highlights the importance of considering a range of factors when examining faculty salaries determinants in business schools. The article "Does a higher ranking translate into higher salaries for business school faculty members in Korea?" by Lee and Hong (2019) examines the relationship between Korean business schools' ranking and the salaries of their faculty members. The authors collected data from 61 business schools in Korea and used the regression analysis to investigate the relationship between school ranking and faculty salaries. Their findings suggest that higher-ranked schools pay faculty members higher salaries, but the effect is modest and varies across different fields of study within business schools. The study helped in providing insights into the factors that contribute to the determination of faculty salaries in Korean business schools. The article "The effects of university prestige and student quality on faculty salary in business schools: Evidence from China" by Liu, Wang, and Zeng (2019) examines the impact of university prestige and student quality on faculty salary in business schools in China. The authors found that both university prestige and student quality have a significant and positive effect on faculty salaries, with university prestige having the most impact. The study concludes that business schools in China should strive to enhance their prestige and attract high-quality students to improve faculty salaries and enhance overall competitiveness. Jha and Singh (2022) conducted a comparative study of faculty remuneration in public and private business schools in India. The study used data collected from 100 institutes and employed descriptive statistics and regression analysis to compare the remuneration packages offered by public and private institutes. The results showed that private institutes offered higher remuneration packages than public institutes, and this difference was found to be statistically significant. The study also found that experience, qualifications, and research output were significant factors affecting faculty remuneration in both public and private institutes. The authors suggested that public institutes should consider offering competitive remuneration packages to attract and retain high-quality faculty. Mittal and Rana (2022) conducted a study to investigate the determinants of faculty salaries in Indian B-schools using a hierarchical regression approach. The study focused on factors such as education qualifications, years of experience, academic publications, and teaching load, and analyzed data from 129 management institutes in India. The results revealed that education qualifications and academic publications were significant predictors of faculty salaries, while years of experience and teaching load did not have a significant effect. The study concluded that B-schools need to consider these factors when determining faculty salaries to ensure competitiveness and attract and retain high-quality faculty.

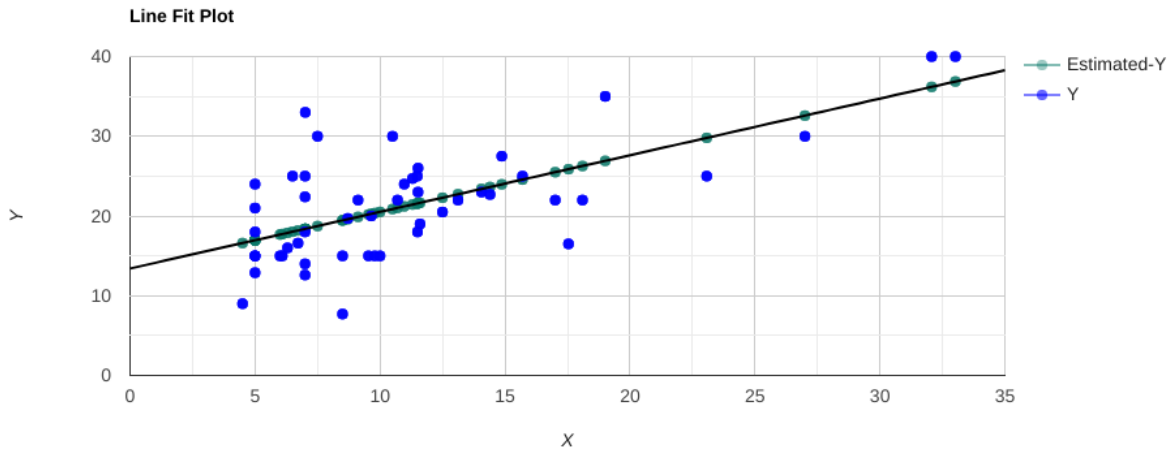
Research Methodology:

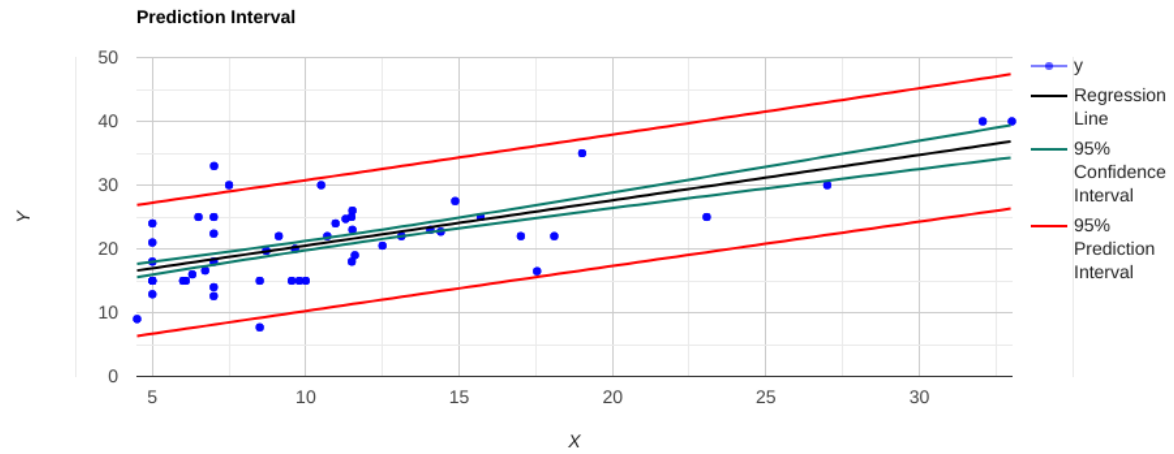
The first step in the research determining the relationship between the two variables. This was done by calculating the correlation coefficient between the average salary package of students and the average salary package of professors. Positive correlation between the two variables would indicate that there is a relationship between the two and that higher student salaries are associated with higher professor salaries. After establishing the correlation between the two variables, the researchers used linear regression analysis to develop an equation that could predict a professor's salary based on the average salary package of students at an institution. It is important to note that the research excluded data from government universities in India because they follow a different pay scale established by the University Grants Commission (UGC), which is not related to the market-driven salary packages of private institutions. The inclusion of government universities' data could have led to incorrect results.

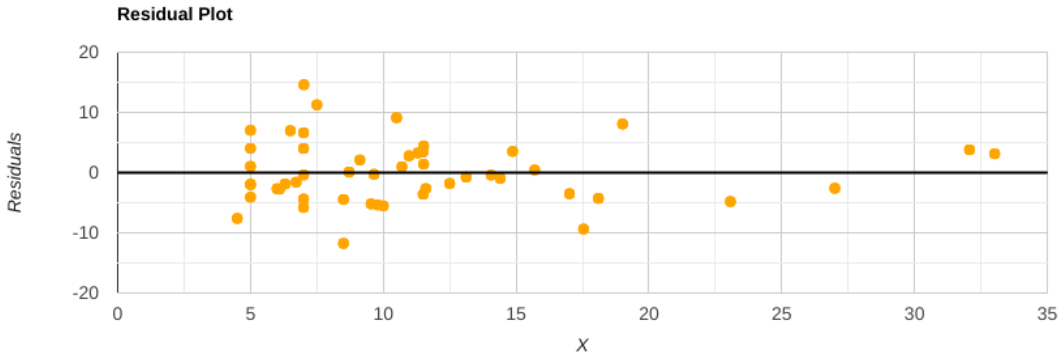
Analysis:

The Regression line equation
$\hat{Y} = 13.4089 + 0.7106X$

Reporting linear regression in APA style
X predicted Y, $R2 = .44$, $F(1,198) = 157.14$, $p < .001$.
$\beta = .71$, $p < .001$, $\alpha = 13.41$, $p < .001$.







Regression ANOVA

Source	DF	Sum of Square	Mean Square	F Statistic (df1,df2)	P-value
Regression (between ŷi and ȳ)	1	4224.2219	4224.2219	157.1377 (1,198)	0
Residual (between yi and ŷi)	198	5322.695	26.8823		
Total (between yi and ȳ)	199	9546.9169	47.9745		

Y and X relationship: The R squared (R2) value of 0.4425 indicates that 44.2% of Y variability is explained by X. The correlation coefficient (R) of 0.6652 suggests that there is strong direct relationship between X and Y. Additionally, the slope (b_1) of the regression line is 0.7106 with 95% confidence interval of [0.5988, 0.8224]. This means, when X increases by 1, Y increases by 0.7106. The y-intercept (b_0) of the regression line is 13.4089 with a 95% confidence interval of [11.9593, 14.8585]. This indicates that when X equals 0, Y is 13.4089. Finally, the X-intercept of the regression line is -18.8705, which means that when Y equals 0, the predicted value of X is -18.8705.

Results:

When two variables, X and Y, have a correlation coefficient (R) of 0.6652, it means they are strongly related in a positive direction. This indicates that as X increases, Y tends to increase as well, and as X decreases, Y also tends to decrease. However, it's imperative to note that correlation doesn't necessarily imply causation. Further analysis is needed to determine the exact nature of the relationship between the variables. While a value of 0.6652 suggests a strong positive relationship, it's not perfect, as the range for R is between -1 and 1.

Regression line equation, $\hat{Y} = 13.4089 + 0.7106X$ can be used to deduce the average package that a professor should or can be paid or can be claimed. This is based on the average package that BSchool or university facilitates to its students.

Note:

- This equation suits only for calculating the salary of Professors.
- The data used is pertaining only to Indian Universities, so the equation holds good only for Indian University purposes.
- This equation shall not be taken as the ultimate tool for calculation.

Illustrations:

Let X be the average package that institute facilitates for its MBA students: 7.00 LPA

Ley Y be the Professor's salary (Dependent Variable) : ?
Now,
Y = 13.4089 + 0.716 * (7.00)
Y = 18.4209
18.4209 LPA can be the remuneration that a professor can ask for.

Conclusion and Future Scope:

From above we could come to the conclusion that the average package that institute facilitates in placements to students and Average package of professors are positively correlated. Finally, professors could use the equation 'Y=13.4089 + 0.716*(X)' where X shall be the average package facilitated by the institute to students and Y be the remuneration that a professor could demand for. This topic can be further explored through empirical studies that analyze the correlation between student average package and faculty salaries. Such studies can help to identify the factors that could contribute to the relationship between student average package and faculty salaries, including faculty qualifications, research output, teaching quality, and other institutional factors. In addition, research in this area can help to inform policy decisions related to faculty compensation in MBA and B-schools. For example, policymakers can use the results of such studies to determine the appropriate level of compensation for faculty members in different institutions based on their respective student average package.

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