

## **SCARCITY, REQUIREMENTS AND REMUNERATION OF APPLICANTS WITH MANAGEMENT QUALIFICATIONS IN THE PRIVATE-, PUBLIC- AND HIGHER EDUCATION SECTORS**

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The appointment of academics in the field of Management and Business Management in Higher Education has become virtually impossible and the problem is exacerbated by the quest for appointments from the designated groups. This problem was identified over a period and at various universities with universities head hunting scarce academic staff from each other and with some attempts at the private sector, usually to no avail.

The aim of the research was to determine the reasons for and possible solutions to the difficulty in attracting and retaining academics, with specific reference to academics from designated groups, with management qualifications to Higher Education.

The results indicate that there are a major scarcity in the field of management and business management not only in Higher Education but in the public- and private sectors as well. The numbers of vacancies and scarcity in the private- and public sectors are extremely high whereas the major problem in Higher Education seems to be attracting candidates at significantly lower salaries compared to the private- and public sectors and even compared to non-academic managerial positions in universities. In addition the required qualifications and other requirements are much higher in Higher Education than that in the private- and public sectors.

*Key phrases: Appointments, remuneration, management qualification, scarcity.*

### **INTRODUCTION**

The third (2008) National Master Scarce Skills list of the Department of Labour indicates that management is a scarce skill and that abundant vacancies exist in management fields.

The National Master Scarce Skills distinguishes between Absolute scarcity and Relative scarcity. With regard to people qualified in the Management Sciences there might be an Absolute Scarcity as although management is not a new or emerging occupation, there definitely is a lack of skilled people.

In addition relative scarcity is also a serious problem in the field of management. As defined by the Department of Labour (2006c) in the 2008 Scarce Skills Introduction relative scarcity refers to the situation where people with the appropriate qualifications are available but they do not comply to the rest of the requirements.

With regard to scarcity academic staff in Management and Business Management related positions two of the relative scarcity issues apply namely:

- High-level work experience that in academia includes extensive numbers of publications specifically in accredited journals; and

- Equity considerations where few candidates from specific groups comply with the requisite skills.

Kubler & Lennon (2007:iii) established that the salaries of graduates in the private sector and the legal profession are much higher than salaries of academics in all countries. In addition their study determined that salary growth was low in comparison with the public sector in general. The survey also found that South African salary scales are the most differentiated between countries of all the Commonwealth Universities that participated in the survey. It was also found that the salary increases of South African academics were the highest since the previous survey.

Despite these changes salaries within South African institutions remains highly differentiated and this is reflected not only in the findings of the Salary Survey report, but also in a 2006 report on pay awarded to senior administrators in academic institutions. The report, compiled by Higher Education South Africa (HESA), raised questions around the consistency of governance processes and the role of sectoral monitoring and guidance to set appropriate remuneration levels within the sector.

HESA identified as objectives for 2009 the recruitment and retention of academic staff, involvement in ensuring remuneration to attract academic staff and to develop a new generation of academic staff to ensure the improvement of the equity profile of higher education. Recruitment, retention and appropriate reward of academic staff are essential for the success of academic institutions (HESA 2009:2).

Salaries in South African universities, not only for academic staff but also to senior administrators are highly differentiated (Kubler & Lennon 2007:12). This is also illustrated by the salaries of the Vice Chancellors of universities in South Africa and the gap between their salaries and the highest paid academics in the universities (Gower & Dibetle 2008). In addition Habib & Morrow (2007) indicate that the remuneration scales of academics should be raised significantly and that the remuneration scales of universities should be transformed as managerial positions (in universities) are rewarded much better than research and teaching positions. This means that for higher salaries (and lower requirements with regard to qualifications and other academic requirements) management positions are better than academic positions in universities. According to Prof L Nongxa, vice-chancellor of Wits University the attraction and retention of academics as well as the remuneration scales of the university sector that has not kept pace with other sectors are matters that have to be addressed. Recruitment and retention capacity are dependent on remuneration and working conditions and should be addressed at national level (Webster 2009:8).

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## PROBLEM

The problem is the difficulty to attract, retain and promote academic staff and more specifically candidates from designated groups with Management qualifications to universities.

## AIM

To determine the reasons for and possible solutions to the difficulty in attracting and retaining academics, with specific reference to academics from designated groups, with management qualifications to universities.

## METHODOLOGY

The methodology involved a review of all advertisements for management and business management related positions in the Sunday Times Careers over a two week period. The Sunday Times Careers is regarded as the most prominent and comprehensive advertiser of positions in the field of Management and for the levels of the positions. In addition data from various sources such as directly from universities, surveys and personal involvement in academic management at a university was collected and analysed to:

- 1 Record, summarise and analyse advertisements for general management and management positions in the private and public sectors and business management academic positions at universities with related management qualifications as a pre-requisite. In addition requirements for appointments of various universities were analysed and summarized.
- 2 Determine the different levels and categories of positions at academic institutions, the private- and the public sector and a comparison of the levels.
- 3 Determine the relevant qualifications in management/business management sciences.
- 4 Determine the scarcity or not of general managers, business managers and educators in Higher Education according to the National Scarce Skills list.
- 5 Analyse the salaries per level in the private, public and university sectors according to qualifications and/or other requirements.
- 6 Analyse applications for advertised academic positions in management/business management at the University of Johannesburg over two rounds of advertisements.

7 Analyse the equity situation at Business Management Departments of some universities through direct request for information from the relevant departments.

## RESULTS

### Recording and analysis of Advertisements

Advertisements for general management and management/business management academic positions with related management qualifications as a pre-requisite were recorded, summarized and analysed. In addition requirements for appointments of five universities were analysed and summarised.

A summary and analysis were done of all advertisements for general management positions on all levels in the private and public sectors and management/business management academic positions on all levels in the Sunday Times Careers over a two week period. This was done to determine the qualifications required for different levels of positions as well as additional requirements for the different levels.

In addition the requirements for appointments of five universities were summarized as it was found on the web pages for the advertisements and not necessarily mentioned in the advertisement.

In the Careers section of the Sunday Times the positions specifically in management related positions at various levels, over the two week period (17 and 24 May 2009) was as follows:

- 39 positions was advertised for public- and private sector positions.
- 7 or more positions (as advertisements do not always indicate how many positions are available) were advertised in Management and Business Management and directly related fields (i.e. Strategic Management).
- 9 non-academic positions at universities.

A detailed analysis of the positions is available upon request.

The minimum requirements for academic positions vary from institution to institution but falls within the following parameters:

- i) Professor: Doctorate Management/Business Management plus four to eight articles in accredited journals (varies per university) and seven years lecturing experience.

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- ii) Associate Professor: Doctorate Management/Business Management plus two to five articles in accredited journals (varies per university) and approximately five years lecturing experience (if mentioned).
- iii) Senior Lecturer: Masters or Doctorate degrees in Management/Business Management plus zero to two publications in accredited journals.
- iv) Lecturer: Honours or Masters degrees in field of Management/Business Management.
- v) Junior Lecturer: Diploma, Degree or Honours in Management/Business Management.

The management levels, examples of typical post names minimum qualifications and other requirements in the Private and Public sectors differ but are generally as follows:

- i) Top Executive Leadership: Chief Executive Officer (CEO), Head of Department (HOD), Chief Operating Officer (COO), Management Executive Committee (MEC).

A degree and usually a post graduate degree such as an MBA are usually required qualifications.

Five to eight years management experience and knowledge of the relevant industry are usually requirements.

- ii) Executive Leadership: Public Service Senior Managers, Deputy Director Generals, Chief Directors, Directors.

B degree or equivalent and sometimes a post graduate qualification an advantage are usually required qualifications.

Three to ten years management experience and knowledge of the relevant industry are usually requirements.

- iii) Middle Managers: Deputy Directors.

Requirements ranged from experience in the industry to three years experience.

- iv) Junior Managers: Assistant Directors.

Some experience in the industry but no years were stated in advertisements as a minimum requirement.

- v) Team Leaders, First Line Managers and Supervisors.

No requirements were stated in the advertisements.

## Comparison of levels

A comparison of the different levels in the public- and private sector (combined) and universities respectively were done according to qualifications and requirements.

The Professor and top executive leadership positions were identified as similar levels and are i), associate professor and executive leadership ii), senior lecturers and middle managers iii), lecturers and junior managers iv) and junior lecturers and first line managers or supervisors v).

## Identification of management related qualifications

The relevant qualifications in management/business management sciences were identified from the list of management related qualifications at various universities, universities of technology and comprehensive universities as well as according to advertisements for management and business management positions.

Management qualifications include:

NDip Management

BTech Business Administration

BCom Business Management/Commerce/General/Entrepreneurship or similar

MTech Business Administration

BCom Honours Management/Strategic Management/Entrepreneurship/Business Management or similar

Master in Business Administration (MBA)

Master in Business Leadership (MBL)

MCom Management/Business Management

MPhil Management/Business Management/Entrepreneurship

DCom Business Management/Management

PhD Business Management/Management

DPhil Business Management/Management

Additional qualifications such as Bachelor in Business Administration (BBA) and BSc Management from countries such as Zimbabwe are also regarded as relevant management qualifications (if evaluated by SAQA).

### **Analysis of National Scarce Skills list regarding general managers, business managers and educators**

The National Scarce Skills list was analysed to determine the scarcity or not of general managers, business managers and educators in Higher Education.

From the National Scarce Skills list of 2008 the Occupational Grouping the Specialisation areas referring specifically to General Management and Business Management related positions were identified and listed in Table 1 with the related magnitudes of scarcity.

Table 1: Scarce Skills in Management and Business Management related positions.

Specialisation	Magnitude of Scarcity
<b>Chief Executives, General Managers and Legislators</b>	
Chief executive and Managing Directors (Enterprises/Organisations)	200
General Managers	1 455
<b>Specialist Managers</b>	
Senior Government and Local Government Officials	400
Corporate (Administration and Business) Services Managers	800
Research and Development Managers	750
Contract, Programme and Project Managers	2 860
<b>Miscellaneous Specialist Managers</b>	
Other Specialist Managers (includes Environmental, Arts and Culture, Office and Quality Managers)	6 955
Call or Contact Centre and Customer Service Managers	3 390
Events and Conference Managers	300
<b>Total</b>	<b>17 110</b>

Subtracted from the National Scarce Skills list of 2008.

In addition the scarce skills with regard to Higher Education Lecturers are as per Table 2. This includes the scarcity of Lecturers (at all levels) in all fields and does not give an indication of the field of specialization.

Table 2: Scarce Skills in Higher Education Lecturers

Specialisation	Magnitude of Scarcity
Higher Education Lecturers	750
<b>Total</b>	<b>750</b>

Subtracted from the National Scarce Skills list of 2008.

The magnitude of the scarcity in General Management and Business Management related positions amounts to 17 110 positions with an additional 750 scarcity in

Higher Education Lecturers. However Higher Education Lecturers does not refer to lecturers in Management Sciences only.

### **Analysis of salaries per level**

The salaries per level and according to qualifications and other requirements was analysed as per the advertisements and further request for information.

Information with regard to salaries was done with regard to academic positions and general management positions separately. Information from the 2007 Association of Commonwealth Universities Academic Staff Salary Survey was used to determine the salaries of academic staff. To determine general management salaries advertised salaries and information obtained from businesses was used.

Nine South African Universities participated in the 2007 Association of Commonwealth Universities Academic Staff Salary Survey namely the University of Cape Town, University of the Free State, University of KwaZulu Natal, North West University, University of Pretoria, University of Witwatersrand, Nelson Mandela Metropolitan University and Stellenbosch University. The average of the salaries with a 20% increase for the period 2008 and 2009 are indicated in Table 3.

**Table 3: Salary average of academics at nine South African Universities**

Position	2007 average	Adapted for 2009 (+20% on 2007)
<b>Professor</b>		
Top of Scale (average of 3 universities, rest no maximum)	R447,323	R536,787
Bottom of Scale	R277,624	R333,148
<b>Associate Professor</b>		
Top of Scale	R335,569	R402,682
Bottom of Scale	R226,814	R272,176
<b>Senior Lecturer</b>		
Top of Scale	R285,818	R342,981
Bottom of Scale	R193,903	R232,683
<b>Lecturer</b>		
Top of Scale	R245,236	R294,283
Bottom of Scale	R155,349	R186,418
<b>Associate/Assistant Lecturer</b>		
Top of Scale	R226,159	R271,390
Bottom of Scale	R126,376	R151,651

Table adapted from Kubler J. & Lennon M.C. 2007. Association of Commonwealth Universities 2006-07 Academic Staff Salary Survey, Policy Research Unit Association of Commonwealth Universities.

In addition to the salary survey results the salaries scales of two additional universities (not included in the survey) as at 2009 was obtained and compared to

the salary survey. The salary scales of one of the universities were in line with the salary survey but the second university was significantly higher with for example the top of a professor at R740 000, of an associate professor at R660 000, the top of a senior lecturer at R530 000 and of a lecturer at R390 000. The salary scales of this university were not considered in the analysis of salaries.

The salaries of the managers as advertised in the Sunday Times, Careers of 17 and 24 May 2009 was included as the average salaries. In most of the instances a salary range was not advertised for the positions in the public sector only a specific package. With regard to the salaries in the private sector advertisements only a limited number mentioned the salaries in the advertisements. Some information regarding salaries was found on the relevant web pages or by making personal calls to enquire about the salaries. In various instances salaries were not made available unless candidates were shortlisted and this occurred most often with regard to the Executive Leadership positions in the private sector. Table 4 indicates the salaries in the private- and public sectors.

Table 4: Salaries of Managers in the private and public sectors

Level of Position	Type of Post	Average Salary Package
Executive Leadership	Public Service Senior Managers – Deputy Director Generals, Chief Directors, Directors, Senior General Manager	Public sector: R714 471 - R921 054 total package plus 10% Non Pensionable Allowance Per Annum At this level salaries for the private sector could not be obtained on request.
Top Executive Leadership	Chief Executive Officer, Head of Department, Chief Operating Officer, MPL & MEC, Senior Manager, Manager	Public sector: R615633 - R736 064 inclusive of benefits Private sector: R700 000 - R1 200 000.
Middle Managers	Deputy Directors	Public sector: R344 052 - R407 745 all inclusive Private sector: R392 940 - R580 000 Cost to Company
Junior Managers	Assistant Directors Assistant Manager	Public sector: R344 052 - R407 745 all inclusive package Private sector: R369 600 - R480 000 Cost to Company
Team Leaders, First line managers and Supervisors.		Public sector: no information Private sector: R350 000 - R400 000.

Salaries are as available per advertised positions in Sunday Times Careers of 17 and 24 May 2009

A comparison of the salary scales at the different levels in the academic, private and public sectors can be summarized as in Table 5. The professor and top executive leadership positions are i), associate professor and executive leadership ii), senior

lecturers and middle managers iii), lecturers and junior managers iv) and junior lecturers and first line managers or supervisors v).

Table 5: Comparison of salaries in the academic, private and public sectors

Level	Universities Academics	Private Sector	Public sector
i)	R333 148 - R536 787	Not available	R714 471 - R921 051 plus non pensionable allowance
ii)	R272 176 - R402 682	R700 000 - R1 200 000	R615 633 - R736 064
iii)	R232 683 - R342 981	R392 940 - R580 000	R344 052 - R407 745
iv)	R186 418 - R294 283	R369 600 - R480 000	R369 600 - R407 745
v)	R151 651 - R271 390	R350 000 - R400 000	Not available

Salaries are as available per advertised positions in Sunday Times Careers of 17 and 24 May 2009

According to the table the highest salaries for positions at all levels at the Universities are less than the lowest salaries in the private – and public sectors. The salary differences range from:

- At the highest salary level of a professor the earnings are only 75% of the lowest level of salaries in the public sector.
- At the highest level of an associate professor the salaries are respectively 57% and 65% of the lowest salary in the private sector and public sector
- At the highest level of a senior lecturer the salaries are 87% and almost equal to the lowest salary in the private – and public sectors respectively
- A Lecturer earning the highest average salary earns 80% of the lowest salary in the private – and public sectors and
- A junior lecturer earns 77% of the lowest salary in the private sector.

With regard to the salaries of the non-academic management positions advertised (9 positions) only three could be obtained from the relevant universities and a comparison with related levels deemed to be complicated. Comparison of the limited information on qualifications and requirements and the concomitant salaries the qualifications required are much lower and the salaries are much higher. If however the salaries of Vice Chancellors ranging from R1,93 million to R3,68 million in 2008 are taken into consideration as per the released breakdown of salaries by the previous Minister of Education, Naledi Pandor (Gower & Dibetle 2008) it is clear indication that non-academic managerial staff is paid according to salaries in the private sector. The assumption could possibly be made that salaries of vice-principals and other non-academic managerial staff will be aligned to that of the Vice Chancellors rather than the salaries of academics.

## Case study of applications for university positions

The applications for specific advertisements in management/business management at a university was analysed to determine the quality and relevance of applications received.

An advertisement was placed in for 2 Senior Lecturer positions and 2 lecturer positions in January 2009 for the Department Business Management at the University of Johannesburg (UJ). 27 applications were received. Of the 27 applications only two could be shortlisted for the lecturer position and two for the senior lecturer position as these were the only applications that complied to the qualifications and requirements. A large number of applications were not South Africans with the majority from other African countries. In addition most of the applications did not meet the minimum requirements with regard to qualifications and/or other requirements and in many instances the qualifications were not in the required management/business management field of specialization. The requirement that was most often not met is the publication of research in the form of accredited articles and - conference proceedings.

Of the short listed candidates for the lecturer position a black South African male and a white South African female was identified as appointable by the selection committee. Due to equity considerations an offer was not made to the white female. An offer was made to the black male who declined as he received another, more suitable offer from another department which he accepted.

Of the two short listed candidates for the senior lecturer one was identified as appointable by the selection committee. After various motivations to top management an offer could be made to one senior lecturer applicant.

Thus from 27 applications one appointment was successfully made albeit a white female and not regarded as from the designated groups. A person was appointed on a temporary contract in one of the positions and one lecturer position was re-advertised.

A second advertisement for the lecturer as well as a Professor or Associate Professor was placed in May 2009. One application of a person not complying to the minimum requirements (he did not have a Masters degree and no publications) applied for the Associate Professor/Professor position. For the lecturer position 18 applications were received of which 2 complied to the minimum qualifications and requirements and will be invited to interviews. The same problems regarding qualifications and publications were experienced.

In both the above instances headhunting was done.

In the head hunting process Universities in the Johannesburg and Pretoria areas were investigated and some possible prospective candidates were evaluated and contacted if identified as suitable. For instance a possibility was a senior lecturer at another university who is in the process of completion of his Doctorate at UJ. Unfortunately he was not interested in down scaling in a move to UJ. The minimum criteria at UJ are higher than at the university where he works and he will qualify for an associate professor position with a doctorate degree and three accredited article publications. At UJ two published accredited articles are required for a Senior Lecturer and five for an Associate Professor. In addition his current salary, on the 80<sup>th</sup> percentile is R450 000 as opposed to the maximum (100<sup>th</sup> percentile) of R380 000 at UJ (both Senior Lecturer and 2008 salary scales). If the scarcity allowance (of approximately R50 000) would be approved it would merely cover his travel expenses from where he currently resides.

Academic staff at other universities was also considered. At these Universities suitable candidates could not be identified as their equity profile comprises of only 10% and 23% black academic staff in the department of Business Management at the respective universities and none complied to the minimum requirements for the specific positions.

For head hunting the private sector was also considered as a possibility and contact was made with large corporations such as Barloworld and Vodacom as well as medium and small businesses. To attract academics from private sector (small-, medium- and large businesses) proved to be even more difficult as in the age group 28 to 45 qualified people with Masters degrees in Management Sciences earn between R600 000 and R800 000 (often excluding bonuses and other benefits). Here it also became clear that people from designated groups with the required qualifications in Business Management have excellent opportunities in the private sector and are usually paid in the highest ranges of this scale.

With regard to the appointment of candidates from designated groups who have not been SA citizens since February 1994 are not regarded as Black Economic Empowerment (BEE) candidates therefore those as well as other foreign nationals count less than a white South African male on the BEE scorecard. It thus does not make sense to appoint these candidates if there are better SA citizen applicants. Applications complying to the requirements were received from non-equity SA candidates such as a white male and two white females who could not be considered as they are not members of the designated groups and the university has to employ according to its equity plan.

## **Equity at Business Management Departments of four universities**

The equity situation at Business Management Departments of four universities was analysed.

The Black Economic Empowerment (BEE) scorecard from four universities was obtained and it was determined that the employment equity, white females excluded thus only members from the designated groups (black, coloured and indian) academic members of staff, amounted to between 10% and 30% at the four universities.

## **CONCLUSION**

The results of the study reveal that there is a major scarcity of qualified and skilled people in the field of management/business management in the private- and public sectors as well as at universities. In addition the qualifications and other requirements for appointments are much higher at universities than in the private- and public sectors. Masters and Doctorates are usually required from Lecturer and Senior Lecturer levels whereas only a Masters degree (sometimes less, sometimes more) even at the highest executive levels in the private- and public sectors. With regard to other requirements the numbers of years experience in a field are aligned in universities, the private- and public sectors and this does not seem to be a problem. However with regards to other requirements publications and other research output seems to be a requirement which prevents most people from accessing positions in Higher Education and with regard to the designated groups this is a serious barrier. Lastly the equity profile of the universities of which information was obtainable indicates that there is a serious shortage of Higher Education academics in the field of Management/Business Management. In all the instances no persons from the designated groups were appointed above the level of Senior Lecturer in Departments of Business Management.

## **RECOMMENDATIONS**

The following recommendations although not ideal but in an effort to alleviate the problems experienced in appointing academics in Higher Education are suggested:

- The lowering of qualifications required to a Masters degree in Management/ Business Management at a Senior Lecturer level. It would then be possible to appoint people and develop them as academics.

- The lowering of requirements for appointment of Senior Lecturers, Associate Professors and Professors with regard to accredited publications and supervision experience required. This will attract more people to the positions and they can then be developed in their positions by motivating them to publish and reward them per publication and per successful supervision of post graduate students.
- Adequate reward of research output and successful supervision to ensure motivation of academic staff to publish and it is recommended that it should be realistically related to subsidies received from the Department of Education.
- Increasing the salaries of academic staff to become more competitive with the private- and public sectors and even non-academic managers in Higher Education.
- Appointments of staff from the designated groups should focus on the levels of Lecturer and Senior lecturer with the aim of developing and promoting them to Associate Professors and Professors.
- Scarcity allowances for designated groups create imbalances in the Higher Education sector and should not be encouraged as it causes dissatisfaction, low morale and resignations from those who have been loyal and dedicated employees over many years and are often required to play a mentoring or developmental role with new appointments. However if scarcity allowances are made available to all concerned in the discipline it would be positive.
- Academic staff should be able to supplement their salaries with teaching on executive programmes and extra-curricular- or non-formal programmes at their universities.
- Academic staff should be able to consult in the private sector and/or to be involved in private practices and businesses to at least a limited extent. This exposure will also improve their teaching and research abilities.
- Academic staff should be granted the opportunity to work shorter working hours at universities to enable them to supplement their salaries by involvement in the private sector. This exposure will also improve their teaching and research abilities.

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