

## ACU Spotlight

# Academic Staff Salary Survey 2012-2013

Programmes and Policy Unit

No 4, October 2013

*Most universities would readily acknowledge that their most valuable intellectual asset is their academic staff. It follows, therefore, that a key strategic concern for universities is the recruitment and retention of their faculty. While factors influencing this extend well beyond the simple question of remuneration, ensuring that salaries and associated benefits are both domestically and internationally attractive is, nevertheless, an important objective for higher education institutions and education ministries, and one to which the Association of Commonwealth Universities (ACU) has devoted much attention for over a decade. Notably, since 1997 the ACU has produced a series of reports comparing international salary scales for academic staff since 1997 – the only longstanding, recurrent analysis of international academic salaries. The task has not been without its difficulties, not least in trying to compare pay and funding systems that are structured differently, posts that are categorised and titled differently, and currencies that have differing domestic and international values. Notwithstanding these challenges, comparing international differences in pay and conditions, at a time when the academic workforce is increasingly internationally mobile, remains an important undertaking.*

### Key points

- Data was collected for the following countries: Australia, Canada, Hong Kong, Malaysia, New Zealand, Singapore, South Africa, and the UK. Using Purchasing Power Parity (PPP) indices to convert the salaries into USD, Singapore and Hong Kong rank highest – 53% and 42% higher, respectively, than the third-placed country, South Africa.<sup>1</sup>
- South African salaries perform well against those in comparator countries when valued by their purchasing power. However, South Africa is marked by institutional differentiation in pay, considerable disparities in wealth distribution, and high levels of inflation, which make comparative salary values more volatile than for other countries.
- Consistent with previous analyses, South Africa has the highest salary scales relative to per capita GDP (around seven times higher). This reflects highly uneven wealth distribution and significant income inequality in South Africa. Malaysia follows South Africa, with the salary average two and half times per capita GDP. Australia has the lowest premium over per capita GDP.
- When the distribution of salaries across the academic ranks is taken into account, Canadian salaries almost double, indicating higher concentrations of staff at the upper levels of the scales and in more senior academic roles. Average salaries increase for most countries when the distribution of actual salaries is taken into account, but the difference is most significant for Canada and Singapore.
- Using the market exchange rate to convert salaries, Australia comes out top. However, when purchasing power and the distribution of staff at different salary levels is taken into account, it drops to sixth place.
- While New Zealand ranks second from bottom in the ranking of salary scales, differences between New Zealand and Australia are small. This is particularly significant given the proximity, mobility, and competition between the two countries, and longstanding concerns about brain drain from New Zealand to Australia. Across the last ten years of the salary survey, New Zealand has witnessed the highest levels of average annual percentage increase, at 3.11%.<sup>2</sup>

The 2012-2013 ACU Academic Staff Salary Survey examines academic salary scales and associated benefits at 92 institutions across eight Commonwealth countries: Australia (12), Canada (13), Hong Kong (3), Malaysia (5), New Zealand (8), Singapore (1), South Africa (9), and the United Kingdom (41). As with previous analyses, the aim is to provide comparative trend analysis and useful indicators for senior managers, policymakers, and academic staff. This is the eighth survey on academic salary scales and benefits undertaken by the ACU.

## Methodology and terminology

The survey compares salary scales for academic staff from the point of entry up to professorial level. The salary scales (and all salary data) are converted into US dollars using a Purchasing Power Parity (PPP) conversion factor. This provides a more accurate picture of the comparative domestic value of the salaries by taking into account their equivalent purchasing power and, by extension, the relative cost of living. For the first time, the 2012-2013 survey adopts the World Bank's World Development Indicators (WDI) as the main source of its PPP conversion rates.

For consistency with previous years, throughout this summary the salary analysis is mainly based on the midpoint of salary scales for the following academic positions (and their equivalents):

- Professor
- Associate Professor/Reader
- Senior Lecturer
- Lecturer
- Associate Lecturer

In some cases, however, analysis draws on salary data collected from institutions on the mean salary that is actually provided to staff within the different academic categories. This is also weighted by the numbers of staff across the academic ranks (hereafter referred to as the 'weighted average'). The weighted average provides a clearer picture

of the salary distribution within the participating institutions and countries.

## Country comparisons

Tables 1 and 2 contrast the salary data by three measures; overall midpoint average (PPP), market exchange rate (as of March 2013) – both unweighted – and overall weighted average (PPP). They highlight the considerable difference that cost of living and staff distribution can make. Data for Australia stands out in this regard, at once coming out top using the market exchange rate but dropping to fifth and sixth respectively when cost of living and staff distribution are factored into the equation. Conversely, South Africa performs well using PPP rates but poorly using the market exchange rate. This might have implications when trying to attract international staff for whom the international value of salaries (as determined by market exchange rates) may be an important factor.

Salaries in Canada and Singapore increase significantly when salary distribution is taken into account. In the case of Canada, the average salary almost doubles, and in Singapore it increases by 31% when average salaries are weighted. While salaries increase for most countries (except Australia and New Zealand) when the weighted average is used, the trend is much more pronounced for Canada and Singapore, indicating higher concentrations of staff at the upper levels of the scales and in more senior positions. In both Canada and Singapore, over half the academics are listed as being at the Professorial or Associate Professorial levels. Again, context is important. Canada follows a tenure track system and salaries are much lower for academics that are not in a tenured post. Moreover, the Canadian Association of University Teachers (CAUT) has reported an increased use of contract and sessional staff. These staff may perform the role of junior academic posts but, because they are not classed as permanent staff, they may not be fully represented within the data supplied by institutions, resulting in a heavier weighting for more senior roles.

**Table 1: Overall average salaries 2012-2013**

Country	Overall midpoint average (WDI PPP)	Overall midpoint average (market exchange rate)	Weighted average (WDI PPP)
Australia	69,821	104,681	68,346
Canada	71,277	86,448	105,614
Hong Kong	112,823	78,649	115,916
Malaysia	42,686	25,991	43,065
New Zealand	64,079	80,876	61,558
Singapore	121,514	101,108	159,339
South Africa	79,671	46,282	87,559
United Kingdom	64,780	66,541	73,493

**Table 2: Overall average salary rankings 2012-2013 (including professorial scale)**

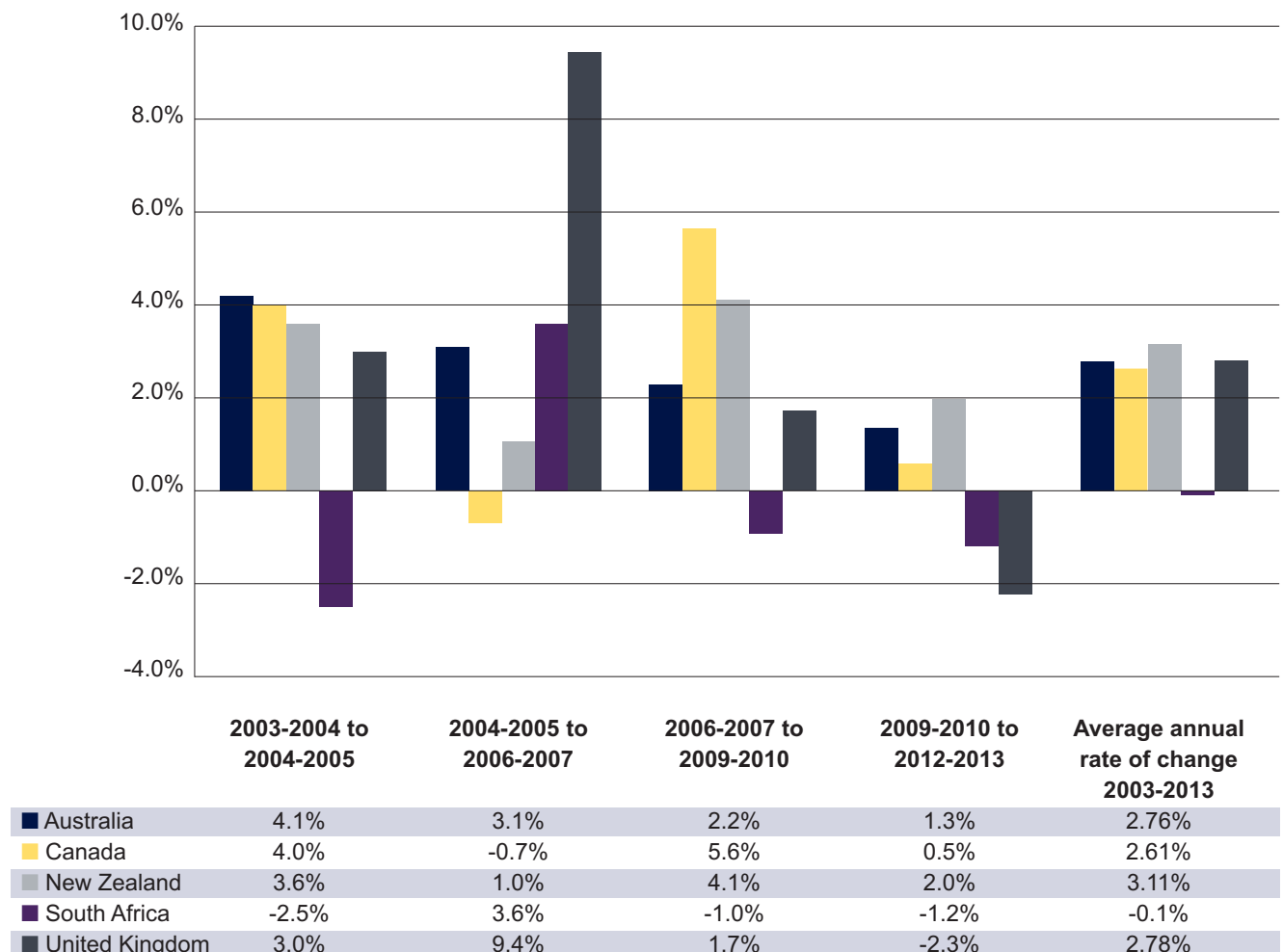
Country positions	Overall midpoint average (WDI PPP)	Overall midpoint average (market exchange rate)	Weighted average (WDI PPP)
1	Singapore	Australia	Singapore
2	Hong Kong	Singapore	Hong Kong
3	South Africa	Canada	Canada
4	Canada	New Zealand	South Africa
5	Australia	Hong Kong	United Kingdom
6	United Kingdom	United Kingdom	Australia
7	New Zealand	South Africa	New Zealand
8	Malaysia	Malaysia	Malaysia

Findings of the survey prove especially useful in the analysis of trends over time. Nevertheless, this has proved a particular challenge for this year's data given the change in the currency conversion index (from the Big Mac Index to the World Development Indicators). For the purpose of consistency, WDI conversion rates have also been applied to historic salary data to provide a broad picture of trends in salaries over time. While some degree of caution must be applied to generalisations (especially given the variability in results using different conversion rates and differences in sample size and composition), this data highlights some interesting fluctuations since the 2003-2004 survey. Figure 1 shows particular volatility in Canada, New Zealand, and the UK between 2004-2005 and 2009-2010. Over a longer duration, however, salary changes are more evenly balanced and average annual percentage increases are relatively consistent across the countries (with the exception of South Africa), ranging from 2.6% to 3.1%.<sup>3</sup> Major fluctuations can, in most cases, be linked to changes in the economic and policy context. In the UK, for example, the major spike between 2004-2005 and 2006-2007 reflects a shift in 2004 to a new pay framework based on a single spine for all university staff, which resulted in many staff experiencing an increase in pay. In addition, the negotiated pay agreement covering the period from 2006-2007 to 2008 secured a 10.37% pay increase over two years, which was preceded by a year-on-year pay increase from 2003. After this period, however, and following the economic crisis of 2008, increases have not been sustained.

New Zealand shows the highest average annual increase over the ten-year period; again, this can be linked to the national policy context. In 2000, most tertiary institutions switched from individual to collective employment agreements, heralding a more coordinated negotiating framework for university staff. Moreover, academic pay experienced real-terms decline in the 1990s, and increases since the early 2000s might be viewed as a planned response to the earlier decline. Staff associations in New Zealand argue that, despite increases, academic salaries continue to lag behind relative to other professions and countries – a claim which is to some degree supported by this data.

The use of PPP goes some way to accounting for the domestic economic context and adjusting the relative value of the salaries accordingly. Salaries are scrutinised further by comparing them to per capita GDP, relating them to the overall wealth of the country. Figure 2 shows, in order of magnitude, the average salary levels (both weighted and unweighted) by per capita GDP. In all cases, average academic salaries are higher than GDP per capita, which is to be expected given that academic staff are among the most highly educated and qualified in any society. However, the margin of difference in South Africa dwarfs that of other countries, with academic pay almost seven times per capita GDP; all the other countries have a ratio of between 1.6 and 2.5 times per capita GDP. This stark contrast reflects the high levels of income inequality in South Africa, both in absolute terms and in relation to the other countries surveyed here. According to the latest World Development Indicators on

**Figure 1: Average annual rate of change in overall average midpoint salaries since 2003, using WDI PPP (%)**



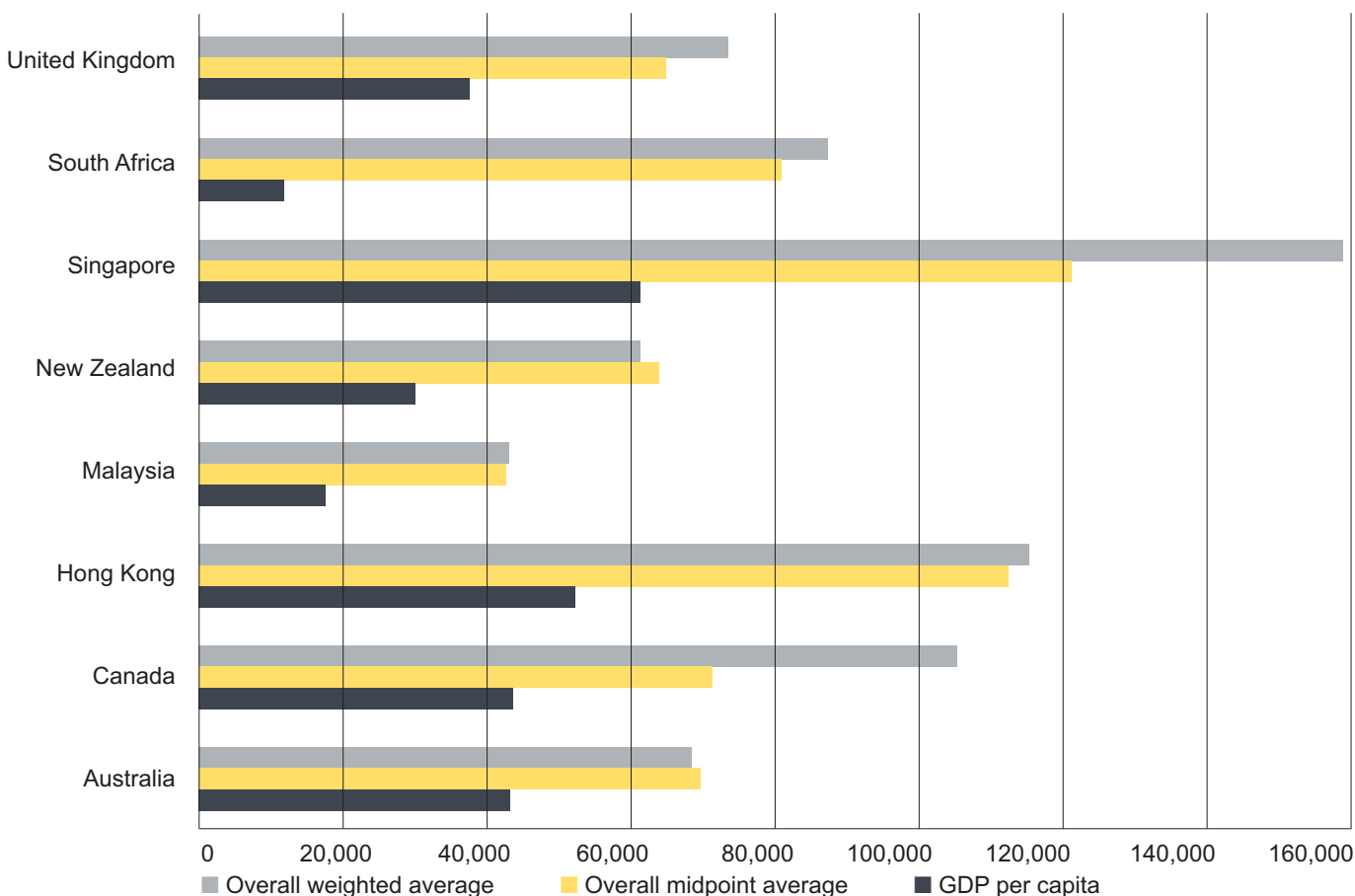
income distribution, South Africa ranks 130 out of the 133 countries represented. This also accounts for the fact that South Africa performs well in terms of purchasing power; academic salaries go much further given the economic context.

## Conclusions

When it comes to the international comparison of salaries, context is everything. Salary data cannot be properly understood outside of its context, be that the domestic economy, the policy environment for higher education, international market values, or trends over time. Even the method for converting currencies can produce markedly different results. Nevertheless, some conclusions can certainly be drawn from the data. Looking at international comparisons of real value (as measured by purchasing power), Singapore and Hong Kong offer the most competitive remuneration

packages for their staff, relative to the comparator countries. While Australia comes out ahead when using the market exchange rate, the real domestic value of its salaries are less impressive, representing the lowest premium over per capita GDP of all the countries covered by the survey. Conversely, South Africa, which has the second lowest salaries by market exchange, fares well in domestic terms, with a huge premium over per capita GDP despite a relatively neutral real-terms change in salaries over the last ten years. Market exchange rates should not, however, be dismissed, especially when it comes to international mobility, where it is likely to be a key consideration. The nuances of the data, along with analysis of associated benefits, will be explored in much greater detail in the full survey report, due for release later in the year. The ACU will continue to benchmark this data, and work has also begun on extending analysis to a broader selection of member institutions and countries.

**Figure 2: Overall average academic salaries and GDP per capita 2012-2013, using WB 2011 (PPP USD)**



- Salaries are converted into USD using the Purchasing Power Parity (PPP) conversion factor devised by the World Bank for its World Development Indicators. Unless otherwise stated, salary averages are based on the midpoint of the salary scales for each academic rank (converted using PPP). Where specified, other conversion factors (such as the market exchange rate) are used for the purpose of comparative analysis.
- Excluding Singapore and Hong Kong. Hong Kong has not previously participated, and Singapore participated in 2000 and 2009-2010. As a result, there is no data for these countries in the intervening years.
- Hong Kong, Malaysia and Singapore have been excluded from Figure 1, as there is no comparative data. The graph has used historical World Bank PPP conversion rates for comparisons between 2003 and 2013.

To find out more, contact:  
 Emma Falk  
 Research Officer  
[emma.falk@acu.ac.uk](mailto:emma.falk@acu.ac.uk)

## The Association of Commonwealth Universities

Woburn House, 20-24 Tavistock Square  
 London WC1H 9HF, UK  
[www.acu.ac.uk](http://www.acu.ac.uk)