

Using outperformance pay to motivate academics

Insiders' accounts of promises and problems

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Many researchers have investigated the appropriateness of pay for outperformance, (also called 'merit-based pay' and 'performance-based pay') for academics, but a review of this body of work shows that the voice of academics themselves is largely absent. This article is a contribution to addressing this gap, summarising the views of a sample of academics at one Australian university about the promises and problems of outperformance pay. The resultant close-up perspective reveals several important contrasts, most notably (a) the very different responses of business academics and academics in non-business disciplines to the concept of pay for outperformance (with business academics tending to be strongly in favour and non-business academics tending to be strongly opposed) and (b) where a pay for outperformance scheme exists, as it does in the faculty of business discussed here, the contrast between views about pay for outperformance in principle (strongly supported) and as actually implemented (widely criticised). In addition to these contrasts, the material presented raises many issues for universities considering pay for outperformance and for academics interested in the realities of such schemes, including the many (perhaps insurmountable) challenges surrounding implementation and the real possibility that, for academics achieving at or above base-level expectations, outperformance pay may actually de-motivate in the long term.

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Introduction

New public management (NPM) thinking, and particularly the obsession with surveillance and measurement aimed at increasing employee outputs (Diefenbach, 2009), provides the perfect context for paying academics salary loadings for outperformance. Each of the components of a pay for outperformance scheme - including quantitative representations of 'performance'; control over how attributes like 'quality' are assessed; pressure on academics to deliver outputs which align with the strategic priorities

of universities; enticing academics into annual zero-sum competitions for limited loadings pools; and discounting human qualities like commitment and creativity - sits comfortably with NPM ideology.

But pay for outperformance is not only attractive to university management because of its links with NPM; it also has innate psychological appeal. For example, it resonates with the connection suggested by expectancy theory between people's effort and outcomes they value (Van Eerde & Thierry, 1996), and with the relationship anticipated by reinforcement theory between rewards and behaviour (Perry, Mesch, & Paarlberg, 2006).

This article takes a close look at the workings of the pay for outperformance scheme at one Australian university, drawing on in-depth interviews with a range of academics, including not only participants in the scheme but also a number who did not know that the scheme existed. Business academics at the case study university receive salary loadings designed to reflect the extent to which they outperform a set of base requirements. Such arrangements are commonly referred to in the US as 'merit-based pay' and elsewhere as 'performance-based pay'. However, the terms 'pay for outperformance' and 'outperformance pay' are the main ones used in this article because they describe more accurately the thinking behind such schemes: it is not 'merit' or 'performance' in absolute terms that is rewarded, but outperformance relative to a set of base expectations.

The effectiveness of outperformance pay for academics

Questions about what motivates academics and about the effectiveness of outperformance pay have attracted considerable scholarly attention during the last three decades, but the material presented here is a response to one particular feature of this literature: that in studies of the effectiveness of paying academics for outperformance, the voice of academics themselves is almost entirely absent. This article helps to address this gap by summarising the views of a sample of academics at one university about the promises and problems of this approach to remuneration.

Before considering academics' views, however, it is helpful to emphasise that the motivational value of outperformance pay is far from established, with most research pointing to one of the following very different conclusions.

Outperformance pay is justified in principle and works in practice. A small number of studies have reported on outperformance pay schemes that are claimed to successfully motivate academic productivity. The following examples are typical, not only in the conclusions they draw but also in their methodological limitations.

In a study of US medical academics, Tarquinio *et al.* (2003) present data indicating that both clinical productivity and research grew as a result of implementing a pay for outperformance scheme. However, there are reasons for questioning this study's reliability, including a research team containing senior managers from the department under study, and the use of 'satisfaction survey instruments' (p. 694) as the only method of determining academics' views.

Williams, Dunnington, and Folse (2003) also examine the impact of performance-based loadings on the clinical productivity of a group of US medical academics. While productivity initially seems to have improved, there are a number of grounds for caution - quality of outputs was not considered; staff were not interviewed; after initial modest improvements, productivity then trended downwards over several years following the introduction of incentives; and increasing incentive levels five-fold did not 'materially affect academic performance' (p. 161), suggesting to the researchers that it was the scheme's systematic recognition of academic activities, rather than the level of monetary incentive, which motivated.

Türk (2008) surveyed a group of Estonian academics about performance appraisal and their pay for outperformance scheme. Results were generally favourable but nevertheless fairly mixed, with follow-up interviews producing 'very different and conflicting standpoints' (p. 50). Indeed, because of the study's limitations, the author cautions readers about his results and conclusions. Finally, Davidovitch, Soen, and Sinuani-Stern (2011) analysed merit scores of academics relating to an outperformance pay scheme at an Israeli institution with which all three investigators were associated. Relying only on quantitative analysis of historical ratings data, the authors concluded that theirs was a successful performance-based method of assessment and reward.

All of these articles, and several others in a similar vein, generally found in favour of academic pay for outperformance. However, in all cases, there are methodological grounds for caution, and none of the studies reviewed that were positive about outperformance pay involved in-depth interviews with academics.

Outperformance pay is justified in principle but flawed in practice. A second group of studies start with the assumption that outperformance pay can or should motivate academics but then, after considering the evidence, present a series of requirements that need to be met for this approach to be successful. For example, after acknowledging the limitations of schemes that reward academics for outperformance, Miller (1988) puts forward suggestions for implementing a credible scheme in the US. Grant (1998) presents a quantitative review of pay for outperformance schemes in Canadian higher education institutions, concluding that they work better in some settings than in others and are no panacea. Once again, implementation suggestions are offered.

Some scholars see the challenges of pay for outperformance in purely economic terms (e.g. Becker, 1999; Chattopadhyay & Ghosh, 2012). Thus, with no

reference to actual schemes or to the academics subjected to them, Becker (1999) develops a complex mathematical formula showing how, for a given loadings pool, merit scores relate to salary raises. Other studies base their conclusions on the opinions of university managers. For example, Taylor, Hunnicutt, and Keeffe (1991) draw on a survey of US business school deans to tabulate views about the merits of rewarding outperformance, resulting in the conclusion that 'it is questionable whether [outperformance pay] ought to be considered appropriate for the academic environment' (p. 58).

Only a minority of studies in this category consider academics' views and, of these, almost all rely on multiple choice survey questions. Even in the few cases where investigators actually talk with academics (e.g. Bowman, 2010; Ter Bogt & Scapens, 2012), very little information is provided about what academics think of performance loadings.

Outperformance pay is flawed in principle and practice. A third group of studies suggest that outperformance pay is based on a false understanding of what motivates academics. This approach assumes that paying more results in higher outputs, just as one finds in piece-work manufacturing - exemplified by Lazear's (2000) report of a 44 per cent increase in the productivity of car windscreen fitters after a pay-for-outputs scheme was introduced (with half of this gain resulting from existing workers achieving more, and the other half from appointment of more highly skilled workers attracted by the new pay arrangements).

In contrast with the literature dealing with motivating factory workers, a range of studies emphasise the significance of intrinsic motivation for academics. For example, Bellamy, Morley and Watty (2003) present survey data that identify factors underpinning Australian business academics' work satisfaction, showing that work arrangements (most notably, flexibility and autonomy), job roles (teaching and research) and academics' relationships with other scholars matter far more than salary.

More recent studies have continued to underline the importance of intrinsic motivation and of work environment, with, for example, Wills, Ridley, and Mitev (2013) pointing to 'institutional characteristics' as the primary factor associated with research productivity, and

Lacy and Sheehan (1997) underlining the importance of university atmosphere, morale and sense of community.

The effectiveness of outperformance pay in the public sector and general workforce

The disparate conclusions summarised in the last section mirror those found in studies of the effectiveness of outperformance pay in the general public sector. A considerable number of investigators have looked at

Bowman (2010) reviews the history of performance pay and concludes that, even under favourable conditions, pay for outperformance 'may not be successful because the requirements are very demanding and often impractical'... He describes the belief that outperformance pay is effective as a 'folk myth'.

the effectiveness of this approach to remuneration as a way of motivating public servants. As with studies of outperformance pay for academics, some public sector-based studies argue that, if a set of conditions is met, this approach can be effective (e.g. O'Donnell and O'Brien's (2000) study of Australian public

sector schemes, which puts forward procedural ... remuneration).

More commonly, however, the literature surrounding rewarding public servants for outperformance suggests that these schemes do not motivate. For example, based on analysis of a variety of performance-based pay evaluative studies, Perry, Engbers, and Jun (2009) show that such schemes often fail to achieve hoped-for benefits. In another substantial study, Heinrich (2007) reviewed a large US scheme intended to motivate public sector employees, concluding that 'the design and implementation of the performance bonus system is flawed' (p. 297). Indeed, Heinrich presents evidence that some public servants deliberately compromised their work in order to maximise bonuses.

Bowman (2010) reviews the history of performance pay in the US public sector and concludes that, even under favourable conditions, pay for outperformance 'may not be successful because the requirements are very demanding and often impractical' (p. 77). He describes the belief that outperformance pay is effective as a 'folk myth' (p. 81), discussing at length why such an 'execrable' (p. 82) idea has persisted.

Reports of the failure of pay for outperformance to motivate are not restricted to the public sector. To take one recent example, an extensive study of the general UK workforce (Pardey & May, 2014) concluded that financial incentives for outperformance matter far less than base

salary, job and workplace characteristics and relationships with management.

To summarise the material so far, alongside a few (perhaps methodologically compromised) studies describing outperformance pay schemes that are claimed to be successful, most research in both higher education and elsewhere supports the conclusion that, although pay for outperformance may sound like it should motivate, in practice the impact is, at best, mixed. Moreover, a great many studies reach the conclusion that, for academics and those in similarly complex, knowledge-based roles, outperformance pay does not motivate.

Research gaps relating to academic pay for outperformance

The material just reviewed is representative of a large body of research relating to the merits of pay for outperformance for academics, the public sector and the general workplace. With regard to research into academic pay for outperformance, even though a wide range of methodologies has been used, including laboratory studies of motivation, cost-benefit analysis, surveys of managers and academics using multiple-choice questions, meta-analysis, literature reviews and analysis of documents, it is noteworthy that the detailed experiences and perceptions of academics themselves have received little attention.

Aim

The data reported in this article is drawn from a larger study, conducted at an Australian university during 2014, which examined the personal costs and benefits of performance appraisal for academics. The topics considered included experiences of a pay for outperformance scheme which applied to business academics but not to academics in other faculties. Data from this part of the study is presented here, with the aim of understanding what a range of academics see as the merits and, in particular, the motivational value of pay for outperformance.

Methodology

The analysis forming the core of this paper is based on a series of interviews with academics, but also takes into account extant theoretical considerations, most notably theories of motivation and reward (e.g. Wills, Ridley, & Mitev, 2013) and commentaries on the impact of ideologies such as new public management on western

universities (e.g. Barcan, 2013; Deem & Brehony, 2005; Hil, 2012).

In terms of research process, following ethics committee approval of measures to protect confidentiality, randomly selected academics from across the case study university were approached by email and invited to participate in an interview lasting approximately one hour. Non-respondents were sent one reminder. In all, 40 interviews were conducted, representing an equal mix of males and females, as well as a spread of ages and levels of seniority from all faculties and a wide cross-section of university departments.

Two academics were involved in conducting the interviews, with neither undertaking interviews in their own departments. Interviews were only structured to the extent that there was a list of topics, including 'performance ratings and links with outperformance pay', to explore. The interviewers' open attitude, coupled with the ample time allowed, gave interviewees an unconstrained opportunity to reflect on the issues and share their views and associated imagery surrounding pay for outperformance.

The author could find no examples of this approach – an in-depth, 'reflective dialogue' style of interviewing, with scope to probe, elaborate and clarify – being used in previous studies of academic pay for outperformance. Both interviewers were long-serving academics with a great deal of interviewing experience and could display genuine empathy with the issues raised, thereby encouraging honesty and elaboration.

Each interview was digitally recorded, transcribed and offered back to interviewees to review and, if they wished, edit. Once checked, all interview transcripts were uploaded to nVivo software (v10), which was used to search for recurring terms, to help identify key themes and to store notes (reflections, speculations, questions to follow up) made as the data were analysed. A journal was also maintained to record insights as they emerged during interviewing, reviews of university documents and associated reading in which the author was concurrently engaged.

With regard to the data presented in this article, the intention throughout was to understand the thinking of a range of academics about the motivational value of outperformance pay, without making any claims that the data reported is exactly representative of the views of academics in the case study university or its business faculty. In particular, interviewees self-selected, and it is possible that those who agreed to be interviewed had more grievances about the university's pay and performance management scheme than was the norm.

Table 1. Decision-making stages involved in determining each academic's outperformance loading

		<i>Matters that are claimed to be taken into account during this stage</i> <i>Source: University and faculty documents. Wording shown is derived from source material</i>	<i>Perceived transparency of this stage</i> <i>Source: Interviews with business academics</i>
Stage 1	Appraiser meets with academic to rate annual achievements	<ul style="list-style-type: none"> • Academic activity gauged in terms of evidential outputs rather than claimed efforts • Specific research outputs • Teaching and community service achievements • Indicators of improvement to the level expected 	Appraisal process reasonably transparent, although highly dependent on relationship with supervisor
Stage 2	Dean meets with heads of departments to 'moderate' ratings	<ul style="list-style-type: none"> • Attention to how high the bar is lifting with regard to what is expected of business academics • Equity across disciplines • Discipline norms • The workload pattern • Academic level 	Fairly opaque
Stage 3	Dean meets with finance manager to convert ratings into individual loadings, if any	<ul style="list-style-type: none"> • Availability of funds • The market conditions specific to each discipline • Competitor activity • University strategic priorities • Recruitment circumstances • The lumpiness of assessment metrics • Adjustments to improve fairness and consistency • A variety of [other] contextual factors 	Extremely opaque

It is also important to acknowledge that academics' views represent only part of the total picture. Heads of universities, faculty managers and their HR counterparts who oversee the design and implement schemes like pay for outperformance are themselves facing enormous pressures from governments and the international higher education marketplace, pressures which, via incentives and other mechanisms, impact on the behaviours of academic managers at all levels. And looming over all of these pressures and arrangements is the pervasive ideology of new public management and its ruthless obsession with surveillance and measurement, product and quantity.

Outperformance pay at the case study university

The organisation where the study was conducted is a medium-sized comprehensive 'modern' university, contrasting with larger, longer-established 'sandstone' universities. At most universities in Australia, including the case study university, remuneration arrangements are defined in an 'academic staff enterprise agreement' negotiated approximately every three years between representatives of university management and the National Tertiary Education Union. In the agreement that applied when interviews were being conducted, there is

no mention of the pay for outperformance scheme for business academics. Keeping outperformance pay outside normal remuneration arrangements gives business faculty management unfettered control of the process and results in most non-business academics being unaware of the scheme's existence.

Nevertheless, for those who search, university documents are available that describe the pay for outperformance scheme. For example, a 'faculty loading guideline' acknowledges the 'fortunate position' the business faculty is in to be able to offer salary loadings, and justifies the scheme using the argument that in future, 'quality academic staff, especially in the business disciplines, will be in short supply and we have to protect the attractiveness of employment'. As an aside, it is relevant to point out that this 'fortunate position' no longer existed one year after interviews were conducted, when business academics were informed that they 'must now share the [financial] pain' resulting from diminishing faculty income. More specifically, academic staff were told that loadings would be reduced and targeted much more at those with high research outputs and sought-after capabilities.

Outperformance pay is offered to all business academics at the case study university, from the level of 'lecturer' up to 'professor', and is considered a key mechanism for attracting, motivating and retaining academics. Decisions about the size of outperformance loadings are based on

an assessment of 'annual performance during the previous 12 months', and are paid in fortnightly instalments over the following 12 months.

University documents referring to outperformance pay emphasise the fairness of the scheme and make it sound straightforward, objective and transparent. However, when one looks at the stages involved and listens to business academics, the process in operation during 2014, when interviews were conducted actually seems complex, subjective and opaque (see Table 1). Perceptions of unfairness were amplified by the absence of staff representation during the crucial Stages 2 and 3, and by the lack of any mechanism to appeal decisions.

Academics' views about outperformance pay in principle

The remainder of this article considers the views of a sample of academics from across the university about pay for outperformance. This section considers academics' responses to pay for outperformance in principle, and the next section then looks at the approach as implemented at the case study university. Business academics tended to strongly support pay for outperformance in principle, whereas academics from non-business disciplines tended to strongly oppose it. The arguments put forward by each group are summarised below.

Reasons that academics in business disciplines generally supported the principle of pay for outperformance

Business academics put forward a number of arguments in support of outperformance pay:

It aligns with disciplinary content. Outperformance pay is consistent with approaches to rewarding employees advocated in many courses:

We teach that incentives matter, and loadings here do create incentives, provided there is a clearly discernible link between what you're trying to incentivise and the outcomes, and that overall, the process is transparent.

This comment neatly summarises the outperformance pay ideal that many business faculty interviewees would have felt comfortable with: a 'transparent' incentives scheme with a 'discernible link' between outcomes and incentives.

Pay for outperformance is also consistent with accepted principles of distribution of wealth in divisionalised companies – if one division has a superior capacity to produce returns that consistently exceed outlays, it seems unremarkable that the division's key employees should be

suitably rewarded, and this was the case in the business faculty. As one academic expressed it, 'This is the cash cow faculty, and [my] department is the cash cow department within the faculty. If we blow a gasket, the university drops dead.' Outperformance pay should also help to align academic interests with those of the university, again consistent with management principles taught in business courses.

Loadings increase pay to a more acceptable level.

The availability of loadings for outperformance creates the potential for much-needed salary supplementation:

I think loadings are a good thing. They align the interests of the employee with the university or faculty. They incentivise you to perform – the possibility of getting a loading represents an opportunity to get some discretionary income that otherwise you are not going to have access to.

Comments like this resonate with the faculty's own justification for rewarding outperformance: that, given business professionals' salary expectations, it was necessary to supplement normal academic salaries. As one interviewee observed: 'If you want to encourage people to take a significant drop in salary to come to academia, there needs to be some quid pro quo... To me, it's purely a supply and demand issue.'

Business academics bring in more, so they should be paid more. When academics were asked how they felt about salary loadings not being available in other faculties, most were unperturbed by the discrepancy, with many comments reflecting an 'every man for himself' approach. It was claimed that the system at the case study university was far more equitable than one finds in US universities, where each faculty 'eats what it kills', resulting in some academics at US universities reportedly being paid far more than others. Other business interviewees expressed similar sentiments, albeit more mildly:

Segmenting [by] faculties isn't such a bad thing where they are trying to bring people in, because that makes a difference to their faculty. So it is desirable to have... different incentive schemes... If the incentives were equalled out, and one faculty was bringing more customers, that might be a disincentive.

This comment is suggesting that, if faculty income from across the university were pooled and shared equitably in the form of incentives for all academics, it would constitute a dis-incentive for business academics, who would feel that the benefits which should flow from their faculty's large earnings were being diluted. Asked about whether it would be more appropriate for the business faculty's surplus funding to be shared with academics in

other faculties, another academic laughed sardonically and responded: 'No. If other faculties want to pay a loading, they have to earn it themselves. There is no magic money fairy for loadings.'

Reasons that academics in non-business disciplines generally opposed the principle of pay for outperformance

In marked contrast with the widespread support for outperformance loadings found amongst business academics, most of the non-business academics interviewed were strongly opposed. When, during interviews, non-business academics were asked about the business faculty's outperformance pay scheme, they tended to pause, as if to digest this surprising arrangement that they had not previously encountered and then to respond very negatively. As one said, 'ratings and loadings have never entered my realm!'

Some saw loadings tied to outperformance as a personal affront (e.g. 'To me, it is actually insulting that something like that could happen, because [appraisal] is about us performing as academics. There should be no monetary attachment to it whatsoever.') The vast majority opposed outperformance pay in principle, with their main reasons summarised below.

Ratings used to determine financial loadings would undermine collegiality. Many interviewees understood that loadings would make academic work a zero-sum game. Given the very limited loadings pool that would be available, there could be few winners, with everyone else missing out:

I guess there's one bucket that they have to divvy up. So if everybody got [very high ratings, management] couldn't give everybody a 50 per cent loading, so that's awful. And, you know, I think part of working in this environment has been a really good sense of collegiality.

Responses like this highlight that many non-business academics place a lot of emphasis on 'healthy relations within the department', and feel that competition for loadings would undermine that. For some academic activities - for example, editing a journal, which involves reliance on the goodwill of colleagues for articles, and help with editing - collegiality is essential.

In some non-business departments, the person responsible for conducting appraisals was thought of as a senior colleague rather than 'my manager', which made it seem particularly inappropriate that this person would be the one determining colleagues' loadings:

I didn't take this job for the money [laughs]. We're already rated and ranked so often anyway: publications, so many mechanisms. If I was head of department, I would find it incredibly hard to rank colleagues (and we ARE colleagues, our head of department is not our line manager!). So ratings would be damaging to that collegiality.

A loadings scheme based on ratings would be demeaning. Because non-business academics were not rated, the whole notion of ratings that are then translated into loadings seemed demeaning. One interviewee likened such a scheme to primary school: 'I don't know about the ratings, the stars, it sounds a bit primary school. "Let's stick stickers on your page!"'. Another suggested that it was reminiscent of old-style factory work:

It would just be a bit like a Bundy-clock system of counting things. It would be very crude when you are trying to set any objective measure of impact, to come up with something that is a realistic reflection of [your work]. I think it would be a very rude shock to this university if every staff member itemised, 'Bundy-clock' style or 'lawyer' style, everything we do for every minute of every day!

The comment neatly reframes the situation, suggesting that in place of salary systems that try to get people to put in extra time and effort, academics are already putting in extra (unpaid) time and effort, and the university would be 'rudely shocked' if they had to pay for it all. Yet another interviewee, when asked about outperformance pay, responded:

That would just destroy me and I would walk out of here in an instant if that's the attitude of the university to its academic staff. I would be horrified and I would not put up with that crap... I mean, it's bad enough as it is! The workloads are increasing, let alone tying our performance to it, then giving us a score. We are a bit beyond that, aren't we?

Payment for outputs fundamentally misrepresents academic motivation. A number of interviewees rejected outperformance pay on grounds that could be summarised as 'we're not in it for the money!' For example:

I just think that ratings, loadings, even payment for papers are all disgusting, and I really hope we don't ever have it. I would hate to work in a place where they have that. Academics rarely get into it for the money... I don't have alternative cash-rich jobs. Payment for papers wouldn't motivate me in the slightest, nor most of my colleagues.

Other interviewees elaborated on the intrinsic factors which DID motivate them. According to one: 'We're all self-motivated people, we've got into the job because we love it, [because] we are interested in it.' Another commented:

For me, [performance] loadings would not be motivating. I am motivated by trying to do a good job for other reasons – colleague esteem, student positive feedback. Honestly, if you are motivated by loadings, you tend to move into the corporate sector... I have had some experience of bonuses [in previous work in another sector], but the costs of administration were huge, and inequities snuck in that bred resentment. Also, people's different circumstances are differently enabling, so I don't think it could work equitably.

This comment is interesting in that it not only critically questions the validity of performance loadings but also, from an organisational point of view, questions the likelihood that the benefits would outweigh the costs.

The ratings used to decide loadings are likely to be invalid. A number of academics from non-business disciplines were dissatisfied with the way they had been assessed during appraisal, so the addition of a formal system of ratings which then determined loadings seemed risky indeed:

There's always the potential [for] petty bias to affect [managers'] judgements. Many of these biases and attitudes are automated cognitive processes...based on inherent and long-held prejudices and schemas in our mind that we're not aware of. That includes things like ageism and sexism and ...preferences for people... We also know that those schemas and prejudices are extremely hard to modify... [So] I would be very concerned that there would be subjectivity and bias in the process.

Speculation about bias was not only hypothetical but, in some cases, related to previous unsatisfactory appraisals, making the prospect of linking this kind of questionable data with remuneration repugnant – e.g. 'I feel quite uncomfortable, because the [performance review system and associated software] is so clunky, it's quantitative, [it makes] you think there might be lots of things that might not be recognised in there'. Another interviewee, trying to visualise how management might assess outperformance, observed:

There's a lot of heart and soul that goes into your job... I don't see that being discussed around a big table, and that's what would worry me. [And the reward system applying to business academics] feels quite individualised – they have individualised you in your sealed envelope. So it becomes you trying to do your best to get your reward, and that takes away any sense of a collegial, collaborative environment.

This comment touches on two key aspects of work that non-business academics felt would be under-recognised in a pay for outperformance scheme: first, the heart and soul that many academics put into their work; and second, the sense of collegiality and collaboration that underpins much of what academics do.

Interviewees questioned the ability of approaches like pay for outperformance to take account of the variety of workplace constraints and enablers that impacted on different academics. Echoing Heinrich's (2007) findings mentioned earlier, several interviewees raised questions about whether individuals would be tempted to behave unethically to maximise their ratings, for example noting that 'professors know how to manipulate schemes very well and...[could say] "Alright, there's an outcome, I will claim that!" It would be very wrong!'

There are already enough mechanisms for recognising and rewarding academics, without adding pay for outperformance. Some interviewees questioned introducing loadings on the grounds that there were already ample opportunities for extra remuneration through promotion or via competitive research grants and prizes.

A pay for outperformance scheme would be just one more manifestation of new public management. The academics interviewed were regularly being confronted by what some experienced as the harshness of new public management and related ideologies and pressures – including, for example, students being seen, and seeing themselves, as 'customers'; learning treated as a 'product'; the emphasis on audit and surveillance; the aggressive push to improve discipline ratings associated with each faculty; and the repeated reduction of complex issues to costs and benefits. Even the imposition of appraisal itself felt like just one more 'distraction, having to do this [dancing] pony nonsense, unconnected with the real university'.

Partly as a result, the prospect of rating academics and then using these ratings to decide on salary loadings felt like just one more undesirable manifestation of the new mindset. As one interviewee commented:

I have an ethical problem with [performance loadings]! I see myself as a teacher and I'm passionate about educating people, so I have a real problem with the way teaching has been linked to money...I prefer to see what I do as 'production of knowledge'.

In non-business faculties, there are no funds to pay for loadings. Several interviewees pointed out that there were no surplus funds in their faculties and that, in some cases, there were groups of recent PhDs who were eagerly awaiting job openings if any extra money did become available. Given factors like these, even if outperformance pay was introduced, the size of loadings would be very limited, and competition for these tiny amounts 'could get quite ugly' and 'set people against each other'.

You can only squeeze so much juice out of a lemon.

The non-business academics had repeatedly been called upon to extend their roles (e.g. taking on work previously done by general staff and responding to ever-increasing compliance pressures), leaving many interviewees feeling extremely stretched. Even if worthwhile loadings were offered, it was difficult to visualise what more the individual could do to match the case study university's lofty goals, including delivery [sic] of 'world-leading research performance' with 'world-changing impact' on 'global challenges of significance', that would presumably underpin outperformance measures.

Academics' views about outperformance pay as implemented

In marked contrast with their in-principle support for outperformance pay, discussed in the last section, many of these same business academics were highly critical of how the scheme had been implemented at the case study university. Their main criticisms of the scheme's implementation were:

It does not provide meaningful feedback.

Perhaps because of the complex array of variables that the scheme attempts to take into account (see Table 1), many found it difficult to understand the relationship between their work during the previous year and the loading they ultimately received. Asked how effective a loading was as a way of providing feedback, one interviewee replied:

It's not effective! There are too many unknowns in the one equation: your performance, market performance, university budget constraints, student enrolments... We're never given numbers, but every year you're told that the budget is tighter, and every year your classes are bigger.

In considering these and other expressions of frustration, it is relevant to point out the importance of feedback in the commercial sector, and it seemed particularly unpalatable that in business academics' own workplace, the quality of feedback and its translation into loadings was so poor:

I asked my supervisor whether my loading [had gone] down because we're all going down, or is it because I've done worse than I was expected to do...

[or because of] perceived fluctuations in the market value of my discipline. The system doesn't convey that directly!

Other conceptual foundations of business studies – for example, in people management, the notion that procedural fairness enhances commitment – added to this sense that, as implemented, the outperformance pay scheme was a long way from best business practice.

Outcomes rely on departmental heads' influencing skills. Another source of dissatisfaction was that some departmental heads seemed better than others at embellishing claims on behalf of their staff during Stage 2 (see Table 1). The result, according to some interviewees, was that staff in some departments consistently got higher loadings than those in other departments.

Allocation of loadings is shrouded in secrecy.

The process of converting ratings into loadings, as well as the distribution of loadings across the faculty,

was shrouded in secrecy. One interviewee quipped that decision-making in Stages 2 and 3 involved (metaphorically speaking) 'chicken entrails, goats to sacrifice'. Others were less cutting but equally blunt, describing the translation of ratings into loadings as a highly subjective 'black box'

The process of converting ratings into loadings, as well as the distribution of loadings across the faculty, was shrouded in secrecy. One interviewee quipped that decision-making in Stages 2 and 3 involved (metaphorically speaking) 'chicken entrails, goats to sacrifice'.

process that was 'cloaked in secrecy'.

In some cases, academics with substantial achievements only received very small loadings. When that happened, negative responses seemed to go two ways – both towards the system, for example denouncing the scheme as 'farical', or writing to the dean with mocking thanks for the tiny loading awarded; and towards oneself, with some interviewees talking about feeling 'demeaned', 'crestfallen', 'in despair', 'disregarded', 'demoralised' and 'depressed' by the whole process.

The business faculty does not release details of how loadings are distributed, on the grounds that this information is part of their competitive advantage. Interviewees indicated that the only information provided each year was a general document saying that, as paraphrased by one interviewee: "This year, some people's loadings went up, some stayed the same, some went down. And budgets are tighter." The lack of information surrounding the distribution of loadings was a source of considerable frustration – for example: 'We can't get any distribution of loadings. I gave up asking

years ago. They tell us all sorts of things about [faculties elsewhere that we're competing with] to justify why they can't disclose that sort of information.'

The criteria used to determine loadings change periodically. Consistent with its emphasis on clear strategy and process, each year the business faculty outlined in detail how performance would be assessed but, at times, the assessment process or criteria changed part-way through the year, leaving some academics furious about having to refocus their work and the information recorded to meet the new requirements. A year after interviews were conducted, the assessment process and criteria were again changed substantially, with new emphasis on a CV-style document encompassing 'new [output] expectations'.

The scheme incentivises academics to work in particular areas prescribed by management. One of the procedural changes that occurred in the lead-up to interviews was that ratings criteria were modified to encourage publication in journals associated with particular research areas. Previously, a lot of emphasis had been placed on 'cross-disciplinary, collaborative endeavours', whereas this change suggested that 'collaboration' had been reconstituted as 'collaboration in single prescribed research areas', and 'cross-disciplinary' had been pushed to the background.

To some, the best strategy appeared to be production of 'the smallest possible journal articles you can get away with in the highest-ranking journals possible':

Systems [like performance rating and pay for outperformance] discourage writing true academic pieces like books – I don't even have writing a book on my radar, it's always about how to get the next paper published... Sometimes I find myself getting really blinkered, thinking: 'I want to target only these [A-ranked] journals' and discount other ones, so I meet the faculty measure, so I keep getting the money I'm used to. Books and long-term projects are out!

Certainly, the outperformance pay scheme at the case study university seemed designed to, as one interviewee expressed it, 'reward those who do whatever managers tell them to do, regardless of whether that's consistent with the long-term health of the institution'. It also reinforced the general message that research mattered much more than teaching, a dampener on those passionate about quality teaching and learning, a theme elaborated on elsewhere (Field (2015)).

Outperformance pay demands endless striving. Several interviewees referred to the fact that promotion locks in higher remuneration, whereas pay for outperformance involves continuous effort, year

after year, for salary supplementation. Reflecting on the reference to 'gnawing' in the following comments, it is not hard to imagine a rat on a treadmill, endlessly striving but also anxious about how to overcome impediments to reaching a reward:

This year, I'm anxious because I've had journal articles come back, they haven't been accepted. I've only got six months to do the revisions... There is a big lag in terms of how long it takes for publications to come out. [So] there are disadvantages to loadings. It would be lovely to be on a higher rate of pay without gnawing about what I have to do and how I'm going to do it. I really want to hit home that there is an increased level of anxiety. I find myself waking up in the morning, thinking about work, and thinking: 'How am I going to get that done?'

An important contributor to this kind of anxiety may be that academics have limited control over the outputs rewarded by performance pay. One may 'perform' by submitting a research grant application or writing a journal article but then face lengthy delays followed by rejection. In that sense, 'pay for outperformance' is a misnomer – a more accurate descriptor would be 'pay for performance which happens to result in outcomes valued by universities'.

Outperformance pay privileges quantity over quality. Several business academics spoke of the compromises that performance loadings imposed on them, compromises that meant their own wishes to explore an area deeply – perhaps to write a book or to undertake a research project with no publications for several years – tended to be replaced by a battery hen view of academic work which emphasised quantity rather than quality:

To meet these pressures, what I'm trying to do is establish template models of writing an article – I go: 'what are the good points', 'what's a bit of theory I can put in (doesn't matter what it is), how can I do that with some surveys, da, da, da [clicks fingers], whip it off!!' It can work for a while, but I don't know if it will be satisfying.

Discussion

Previous studies of the merits of paying academics for outperformance have revealed mixed results or outright failure, a poor justification for such a widely used approach. When one tries to understand the reasons for outperformance pay's poor implementation record, it is noteworthy that the detailed voices of academics themselves are largely absent from research into this area. This article is a step towards addressing this gap by

presenting the views of a sample of academics at one Australian university about the promises and problems of pay for outperformance.

These insiders' accounts reveal some striking contrasts. First, while the business academics interviewed tended to enthusiastically support the principle of pay for outperformance, most interviewees from other disciplines strongly opposed it. Second, in contrast with their in-principle support, most of the business academics interviewed were highly critical of the way the scheme was actually implemented, with many questioning the relationship between actual work quality, their ratings and their salary loadings, a relationship which lies at the heart of such schemes.

Paying for outperformance sounds like it should be an effective way of motivating academics, but the data presented here adds to the large body of scholarship challenging whether it is possible to implement a pay for outperformance scheme which (a) is viewed positively by academics, (b) motivates individuals to put in and sustain more effort than they otherwise would, and (c) does not compromise principles which many academics hold dear, including collegiality, equity and work quality.

The contrasts referred to above suggest that future research into the merits of academic pay for outperformance would benefit from distinguishing between in-principle support and support for schemes as actually implemented; and between the motivational value of outperformance pay in different faculties, disciplines and, by implication, national and cultural contexts.

An additional issue raised by this study that warrants further consideration is whether outperformance pay actually de-motivates in the long term. Most previous studies of outperformance pay consider outcomes ranging from 'positively motivating' to 'un-motivating', but some of the responses reported in this paper suggest that the nett result of outperformance pay over a period of time may be to reduce motivation.

Consider a group of academics performing at different levels. For those who repeatedly outperform, recurring high annual loadings over several years may start to feel like an integral part of base salary. For academics in that situation, outperformance pay may have little if any motivational value. However, any reduction may result in feelings like those referred to earlier - e.g. feeling 'crestfallen' and 'demoralised' - which may well be associated with de-motivation.

For academics doing their job fully but without being categorised as outperformers, the repeated failure to attract a loading may result in their thinking 'why bother?'

and doing less. And for individuals who consistently underperform, loadings are likely to be irrelevant. Indeed, this last group may be the only ones not demotivated by pay for outperformance in the long term.

These speculations are consistent with the data reported here and with questions raised in studies of performance rewards for school teachers (e.g. Chamberlin, Wragg, Haynes, & Wragg, 2002) and the public sector (e.g. Marsden, 2010). The possibility that pay for outperformance may demotivate most academics over time is also consistent with the findings of Williams, Dunnington, and Folse (2003) with US medical academics, referred to earlier, that after an initial increase, productivity trended downwards following the introduction of outperformance pay. Certainly, the extent to which, over a period of time, pay for outperformance de-motivates academics at different performance levels deserves further research attention.

More generally, given the doubtful motivational value of pay for outperformance and the possibility that it ultimately demotivates, if faculties have surplus funds that are currently channelled into rewarding academics through outperformance loadings, there is considerable scope to address broader questions about remuneration equity. For example, future research might look at when and how excess income generated by particular faculties could and should be distributed more widely amongst all academics or all university staff. And, perhaps most fundamental of all, future researchers might explore whether (and under what circumstances) the pools of money currently allocated to performance loadings in many universities would be better spent simply raising the base salaries of everyone.

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