

# Performance related pay in Australian universities

## The case of Swinburne University

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Performance related pay is not common in Australian universities. A number of Australian universities have begun to show interest in implementing more individualised pay arrangements. Swinburne University of Technology, in Melbourne, has chosen, contrary to the wishes of many of its staff, to be a path-breaker and has introduced a performance related pay scheme. This paper presents a review of the literature pertaining to the effectiveness of performance-related pay, with a particular emphasis on educational organisations. The overall research question guiding the review was to establish the extent to which performance related pay practices have been successful, and in particular, whether or not performance related pay practices are likely to be effective in a higher educational institution. The findings provide very little support for Swinburne's 'Performance, Development and Rewards' scheme. Indeed, it may well be counterproductive.

### Introduction

Performance related pay (PRP) whilst commonplace in the private sector, is relatively uncommon in the university environment. The academic labour market in particular has always been strongly regulated by collective arrangements, a feature broadly supported by university managements as they seek to maintain comparability across the sector in the face of recruitment and retention pressures. Academic work is unusual in that it is professional, yet well unionised, highly autonomous, yet collegial. At the same time the nature of academic work has undergone substantial change and reconfiguration over recent decades. Not only is higher education now one of Australia's largest export industries, universities are very different workplaces to what they were twenty years ago. For students there has been change too. Higher Education Contribution Scheme debts, full fee-paying places, on-line delivery of courses, active labour market engagement and voluntary student unionism make for a very different

experience. Add to this active disinvestment by the Federal Government over the last decade, to the tune of between three to four per cent (NTEU, 2007) and the result is a sector under enormous strain.

Over the last decade or so the Government's underfunding has caused the university sector to rely more and more on full fee-paying international education, with international student numbers increasing by 350 per cent over the period 1996-2005, while the participation rate of domestic school leavers fell. International student numbers grew a further 20 per cent between 2007 and 2009 (Marginson, 2009 p.2), but declined by 16.4 per cent in 2011 (Collins 2011). The effect of this has been a zero sum game, as Marginson (2007 p.1) notes, 'the tail is wagging the dog'. Revenues from international students are ploughed back into attracting more international students to maintain viability, but do not provide sufficient funds for basic research or teaching sufficient domestic students (Marginson, 2007 p.2). Student staff ratios have also increased over this period by around 40 per cent, to 21 students per

faculty-based teaching and research staff member, up from 16 students per staff member in 1996 (DEST data in NTEU, 2007 p.10). By comparison, the University of Munster (one of Germany's best and largest universities) has a staff to student ratio of 8 to 1.

It is unsurprising given this backdrop that a number of Australian universities have begun to show interest in implementing more individualised pay arrangements. In every case it is the management of the universities that have sought to explore these different arrangements, not staff. This paper is about the push by one Australian university to implement such a scheme. Swinburne University of Technology, in Melbourne, a cross sectoral university (that is, one with both vocational training and higher education course offerings) has chosen, contrary to the wishes of many of its staff, to be a path-breaker and has introduced such a scheme.

Swinburne's management first announced the new staff appraisal scheme in 2007, without consultation with staff unions and arguably in conflict with the collective agreement. The scheme was called the 'Performance, Development and Rewards scheme'. It included as a central plank, the new (to Swinburne) possibility of staff being able to win a bonus equal to a maximum of ten per cent of their current substantive salary, as a reward for meeting a number of performance measures. Management advised that there would be sufficient funds for 30 per cent of staff to win such a bonus.

This scheme was born out of the Howard Government's 'Workplace Productivity Programme' (Department of Education Employment & Workplace Relations, 2008). The former government had made a pool of funds of about \$140 million dollars available to universities to raise productivity. To be successful, applications for funds had to describe comprehensively a rigorous plan to lift productivity. In order to access additional university funding, Swinburne's management hired Ernst and Young Consultants to advise on how to develop a suitable application. Ernst and Young chose an 'off-the-shelf' performance related pay (PRP) scheme from an American training company 'Success Factors'. The Success Factors PRP scheme was an online system and already in use by more than 2800 corporations, including some multinational companies such as Cadbury. The Department of Education, Employment and Workplace Relations accepted Ernst and Young's proposal and in 2007 Swinburne received just under \$2.5 million to implement its Performance, Development and Rewards scheme on a trial basis.

The reasons why Swinburne went to such lengths to access a share of the Commonwealth funds are not clear, given that other universities received similar grants for considerably less controversial undertakings to raise productivity. Swinburne had already shown a willingness to support Australian Workplace Agreements (AWAs), extending to its staff the option of swapping to an AWA (as all universities were required to do). The National Tertiary Education Union (NTEU)'s head office estimated that Swinburne ended up with a higher proportion of staff on AWAs than many other universities. This might also be linked to the fact that Swinburne historically had a higher level of 'over-award' payments, or loadings, and somewhat of an acceptance of variation of pay (something reported often by NTEU industrial officers).

Within the context of Swinburne University, success, or future success, has been clearly articulated in the then Vice-Chancellor's 'vision' paper: 'Swinburne in 2015'. Here success is defined as:

- A 10 per cent increase in Swinburne's ranking on research performance compared to all other Australian universities.
- A ranking of at least 500 in the Shanghai Jiao Tong index (based on quality of education and staff, research output relative to the size of the university)
- An increase (to 90 per cent) in the proportion of staff with a higher degree
- Increased investment in infrastructure
- Teaching excellence (as indicated by an increase of one per cent per annum in favourable student evaluations, international accreditation of courses, and adopting a model of professional learning) (Young 2008).

Two main drivers underlie this definition of success: 'highly motivated and highly performing staff' and 'the necessary resources to achieve the outcomes' (Young 2008, p.9). In essence, success has been defined as obtaining 'a culture of excellence'. Apart from obtaining the necessary infrastructure and resources, it is assumed that this culture of excellence will be obtained via performance-related bonuses. According to Swinburne, rewarding 30 per cent of staff who are deemed to be highly motivated and performing will create an 'environment where excellence is expected'. As a consequence, the quality of staff performance will increase, allowing Swinburne to realise its 2015 goals.

As Swinburne's Human Resources Department embraced the new Performance, Development and Rewards scheme, staff were surprised at the detail and

rigour of the Success Factors software. Understanding how to use it and to comply with it was not easy and was very time consuming. It required individual staff to attend training sessions, read a tedious manual of many pages, and then answer questions using managerialist terminology about how they performed their work duties, and what improvements and goals would be achieved in the next six, and twelve months. One staff member said the preparation required to understand the Performance, Development and Rewards scheme took him 28 hours. Given its rationale is to improve productivity, this was not a good start. Many staff told the Union that they resented the Performance, Development and Rewards scheme and felt bullied into using it with its 'Big Brother' overtones and unnecessary micromanagement. It endeavoured to measure so much of what staff did.

The local branch of the NTEU, which had been opposed to the Performance, Development and Rewards scheme from the outset, began to receive many complaints from irritated staff, but only one compliment. This scheme was much more onerous and invasive than the existing staff appraisal scheme which it was designed to replace. In 2008, the Swinburne Branch of the NTEU undertook a survey of staff (NTEU Swinburne 2008) which showed that 69 per cent of staff named excessive workloads as their main grievance, yet the new Performance, Development and Rewards scheme was widely perceived by staff as likely to increase workloads and administrative requirements.

The Union then raised a dispute with management on the grounds that the new Performance, Development and Rewards scheme had never been part of the employment conditions of staff as spelt out in the collective agreement. The dispute ended up before the Australian Industrial Relations Commission but was unable to be resolved there, with the parties directed to continue to negotiate. As part of that process, the Swinburne Branch of the NTEU decided it would undertake a thorough review of published research on experience with performance related pay schemes around the world. The reasoning behind this approach was that universities were places of critical thinking and that an evidence based approach was what was taught.

The literature review undertaken will now be summarised, after which the reaction to it by Swinburne's management, and the current situation at the University will be described.

## Literature Review

Our research presents a review of the literature pertaining to the effectiveness of performance-related pay, with a particular emphasis on educational organisations. The overall research question guiding the review was 'to what extent have performance related pay practices been successful?', and in particular, 'are performance related pay practices likely to be effective in a higher educational institution? Hence, the main purpose of this literature review was to determine whether the proposition that rewarding 'highly motivated and high performing staff' would result in a 'culture of excellence' was supported by the substantive knowledge relating to performance-based pay.

### *a. Performance related pay in general*

The shift from collective to decentralised modes of bargaining that occurred in the Australian industrial relations landscape during the 1980s and 1990s saw a resurgence in the implementation of performance pay policies by Australian employers (Shields, 2002). While performance-related pay practices in Australian private industry have been utilised in one form or another since colonial times (Shields, 2002), the closing decades of the twentieth century saw a concerted effort by the governments of many OECD nations, including Australia, to implement PRP practices into the public sector (O'Donnell, 1998; Reith, 1996). Such a policy has also been embraced with increasing frequency in the education sector amongst OECD member countries (Bryson, 2004; Cutler & Waine, 1999; Kis, 2004; Storey, 2000).

In practice, there is much variation in the implementation of PRP programmes across the industrial spectrum, but all programmes, as the term suggests, feature a framework under which pay is linked to a measured performance outcome. Consequently such programmes are underpinned by several assumptions, namely that employee output can be measured accurately, that such output contributes to overall organisational performance, and finally that the payment policy is designed in a way that motivates the organisation's employees (OECD, 2005).

The question becomes then: 'To what extent have PRP policies been successful, in which sector, and under which conditions?' And further, 'How is success typically defined and measured in PRP evaluation?' A review of the literature reveals much research into the effectiveness of PRP practices in the private sector, a

smaller but burgeoning amount of research into PRP in the public sector, and a relative scarcity of empirical research into the effectiveness of incentive programmes in the school and higher education sectors. The lack of studies is unsurprising given that use of PRP programmes in schools and institutions of higher education is a recent development.

An obvious obstacle in evaluating the literature on performance pay lies in the fact that PRP initiatives vary wildly across organisations and environments. Indeed, it is usually the case that PRP represents only one, albeit important, facet in an overall performance management framework, although it is also the case that PRP can be divisive and demotivating (French, Kubo and Marsden 2001). Much of the research into PRP efficacy comes from research on single organisations and thus, given the variation of performance management programmes across organisations and sectors, caution must be exercised before generalising research findings. Nevertheless, a number of common findings and themes can be abstracted from the literature.

PRP programme effectiveness is typically evaluated on two broad levels. First, researchers are interested in changes in worker motivation and subsequent change in productivity and output, and second, changes in reports of job satisfaction. Plainly, an argument can be made that these two measures of PRP effectiveness are fundamentally linked in that workers who report higher levels of job satisfaction are more likely to be motivated to perform in their jobs at a higher level. Worker productivity and output is easier to measure in some industries than others. In a frequently cited study, Lazear (2000) demonstrated that productivity amongst employees at an automotive glass manufacturer rose by over forty per cent when the payment system was changed from an hourly rate to piece rates—a change that translated into an average ten per cent wage increase amongst staff. Other researchers have demonstrated similar productivity rises through the use of piece rate payment amongst manual labourers (Paarsch & Shearer, 2000), sales staff (Oettinger, 2001), and metal workers (Pekkarinen & Riddell, 2008).

Of course, the productivity increases demonstrated by using PRP in these areas where staff are typically categorised as unskilled workers doing manual, repeti-

tive labour tell only part of the story. Indeed, Pekkarinen and Riddell (2008) controlled for job complexity in their research and showed that as the complexity of a job increased there was a corresponding decrease in the effectiveness of PRP on productivity. In order to gauge accurately the effectiveness of PRP schemes, it is also important to consider the impact of the PRP policy on job satisfaction. Also, studies need to take into account effects on the quality of the work—the trade-off between sacrificing conscientiousness or carefulness versus increased work speed (Paarsch & Shearer, 2000). A final consideration is that it is important to measure whether these increases in productivity are sustained over time.

Again, it is worth advising caution before generalising these findings given that much research that reports

productivity increases as a result of PRP are in areas where work output is easily quantifiable.

In a study evaluating attitudes towards PRP policies in the British public service amongst administrative and

professional civil servants, French, Kubo and Marsden (2001) showed that while the majority of the staff accepted the principle of linking payment to performance, a significant number believed the execution of the policy to be ineffective. Even more alarmingly, a large proportion of the respondents felt that PRP schemes promoted internal jealousies and conflict amongst staff, reduced teamwork, and resulted in a decrease in the willingness of staff to cooperate with management. While some managers reported a modest increase in motivation and productivity after the implementation of PRP practices, serious doubts emerged as to whether such performance increases could be sustained over time given the demotivating and divisive effects that PRP may have upon employees' relationships with their colleagues and management.

Research on the commitment employees have towards their workplace 'indicates that it is built up by a process of exchange between employees and their organisations. In the short-run, such commitment represents a capital which will sustain the organisation through short-run problems, but in the long-run it will be eroded by the feelings that the exchange is no longer fair' (French, Kubo & Marsden 2001, p. 13).

A report examining PRP schemes in the public sector in OECD member nations reveals that they

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are generally failing to achieve their stated goals. In a frank assessment, the report states that the majority of public sector staff did not see PRP as a sufficient incentive that would lead to a change in productivity. The report goes on to state that 'the motivational value of PRP has been overestimated and its adverse impacts underestimated' (OECD, 2005, p. 74). This assessment is echoed by Cardona (2006) who states that at the managerial level no conclusive evidence has been found between PRP and an improvement of motivation and performance in the organisations.

The question that arises then is: why do governments and other organisations persist in using PRP systems in the face of mounting evidence as to their ineffectiveness, and even detriment? Marsden (2004) makes the argument that while proponents of PRP might proffer motivation and productivity increases as the primary reason behind the policy, the use of performance management as a means to renegotiate performance norms is a second, mostly unacknowledged reason, that is core to its widespread use. The thrust of this argument is that over time the focus and directions of organisations are subject to change and in this respect PRP is used as a catalyst to effect change by revising job duties and boundaries and the level of performance expected from staff.

#### **b. Performance Appraisal and PRP in Schools**

Over the past decade, there has been a surge of interest in applying PRP policies into both the teaching and higher education sectors. The use of PRP practices, typically merit pay, in the teaching sector is longstanding in the USA. Yet because the PRP schemes tended to be implemented on a district-by-district basis, there is little in the way of systematic research into the performance of these schemes. The UK on the other hand, has been implementing a PRP scheme in all public schools in England and Wales since 2000, with the threefold goal of decreasing teacher attrition rates, making entry into the profession more attractive to graduates, and increasing teacher performance (Atkinson *et al.*, 2004; Cutler & Waine, 2000).

After four years of operation, Marsden and Belfield (2006) evaluated the scheme and found that the initial opposition from teachers and head teachers had, for the most part, subsided and that student attainment had increased. The authors attributed the moderate success of the programme to the integrative bargaining approach taken by many of the schools where the needs of teachers of the classroom were

reconciled with the objectives of the school. Indeed, the authors argue that negotiation in setting performance goals between school management and teachers, rather than performance goals being imposed from above was crucial.

While PRP practices are not yet used in the Australian public school sector, the Australian Council for Educational Research commissioned a report to evaluate the viability of introducing a PRP programme with similar goals to those proffered in support of the British scheme, namely to attract and retain high quality teachers and make the profession more attractive to graduates. Currently, Australian teachers climb to the top of their pay scale in a little over a decade, leaving little opportunity for significant pay increases or further professional development (Ingvarson, Kleinhenz, & Wilkinson, 2007). The report highlighted that while PRP has the potential to be an effective tool to attract and retain high calibre teachers, there are several limitations that would need to be addressed before such a scheme could be accepted and utilised in the profession. Foremost among these is that any performance appraisal scheme needs to be externally developed and administered and that 'the success of these schemes is critically dependent, first, on the level of preparatory research, experimentation and field trials to ensure that methods of gathering evidence and assessing performance are valid, reliable and fair. Without this kind of preparation the system quickly loses credibility and respect' (Ingvarson *et al.*, 2007 p.89).

Other researchers have pointed out that performance measurement for teachers is fraught with difficulty, given that the education of a student is a collaborative exercise in which a large number of faculty staff have a role to play in student education and attainment. This has led researchers to suggest that team-based PRP schemes are more suitable than individuals' ones in the teaching field (Belfield & Heywood, 2008).

#### **c. Performance Appraisal and PRP in Higher Education**

The late 1980s and early 1990s saw a dwindling allocation of government funding for Australian universities coupled with an increase in the use of tied grants for the funding that was made available. The purpose of this was to exert political control over universities and to increase their competitiveness in a crowded global marketplace by imposing organisational changes that aligned university management practices more closely with the interests of the private sector (Morris, 2005).

The overall reduction in funding forced universities to generate revenue from their own enterprises through the commercialisation of research and education while striving for greater levels of accountability, predictability, efficiency and effectiveness (Morris, Stanton, & Young, 2007; Wilson, 1991). One avenue through which universities have attempted to achieve this goal is through the implementation of performance appraisal systems. It should be noted that while some universities have long utilised discretionary funds in a manner that might reward high achievement (but not usually for academic staff), no Australian university has yet formalised a PRP policy amongst academic staff. Swinburne is the first to attempt this.

In an examination of the use of performance appraisals in Australian universities, Morris (2005) asserts that there is an increasing tendency to make performance appraisals more ambitious in scope and purpose while trumpeting their expected benefits. Thus, performance appraisals are used not only to measure the achievement of performance targets but also to ensure staff performance and duties are consonant with evolving organisational goals, a function of performance appraisals also highlighted by Marsden (2004). Yet despite the widespread use of performance appraisals in universities the suitability of the practice in the academic environment is a point of heated debate.

A primary source of the criticism of performance appraisal in universities is that there is an erosion of academic freedom as the institutions become beholden to the economic imperatives of a managerial framework. Individual interest and discretion is forfeited and research avenues are closed off particularly if they are hard to commodify or are controversial or unpopular (Bryson, 2004; Morris, 2005). Where an academic environment based on collegiality, peer evaluation and review has in the past served well to uphold academic quality and standards, the shift to a hierarchical framework threatens to undermine this process by imposing top-down managerial control.

Many of the criticisms relating to the use of performance appraisals in the private sector apply equally to their use in knowledge-based environments. While many performance appraisal systems emphasise professional development and support, the reality of their implementation leads to feelings amongst staff that they are being used for monitoring and control purposes and in turn can negatively influence organisational commitment (Simmons, 2002). Indeed, the perception of managerial interference and control

may lead to the system being resisted or subverted by staff (Barry, Chandler, & Clark, 2001). The use of performance appraisal systems has also led to feelings of work intensification and overload amongst employees, although this feeling is less apparent in employees who have high levels of trust in management (Brown & Benson, 2003, 2005).

A further criticism of the performance appraisal system lies in perceptions of justice by the appraised. For a performance appraisal to be considered effective, it must be perceived to have both procedural justice (that is the performance appraisal process must be transparent, fair, and measure accurately the contribution of an employee), and distributive justice (where the benefits and rewards allocated are proportional to an employee's organisational input) (Bartol, Durham, & Poon, 2001; Morris *et al.*, 2007; Winstanley, Stuart-Smith, & Pointon, 1996). An additional concern is that the appraiser needs to have the requisite knowledge and skills to evaluate the work of the employee, which given the diverse responsibilities of academics (research, teaching, and administration) can be particularly challenging (Morris, 2005). For an appraisal system to be considered fair, the system needs to be objective and to have a mechanism in place for staff to appeal their appraisal outcome. Swinburne management has denied staff the right to use the University's grievance procedure in relation to its PRP scheme.

The difficulties highlighted in applying private sector managerial practices at universities are not limited to academic staff. Hughes and Sohler (1992) argue general staff are required to work closely with academics, and the nature of the university environment heavily influences their roles and working relationships, thus the assumption that private sector-style appraisals will be easily applicable to the general staff fails to take into account the context and complexity of their work.

Despite the global trend of incorporating performance appraisal systems into the higher education sector, it is clear that significant doubts and cynicism remain over the viability of the systems to function effectively in these environments. The problems many commentators have raised as inherent in PRP and performance appraisal systems in the private and public sectors are just as relevant to the higher education sector, if not more so, and Kis, (2004) argues that they are in essence incompatible ideologies. In an evaluation of the role of performance appraisals in higher education, Morris (2005, p.392), concludes that 'universities would be better placed to focus on what they

had; a model which was highly participatory in nature, reflected the culture and environment in which it operated, was no less rigorous in its intent and which had served the academic community well in the past'.

#### **d. Literature Summary**

The overall findings of the review suggest strongly that the effectiveness of PRP practices in general are dependent on a range of complex and interrelated factors. These include the type of work carried out by employees, the level of organisational commitment and staff morale present, trust in management, the presence of democratic work practices, perceptions of procedural justice and fairness, reliability and validity of outcome measures, the perceived motivation for the scheme, and the proportion of staff rewarded. Therefore, according to some scholars, incentives may increase productivity for an employee whose work is primarily repetitive, piecemeal (e.g. on a factory production line) that is easily defined and quantifiable by a trusted management system that provides employees with a voice and adequate resources. However, others argue that even with these ideal working conditions, the evidence is still inconclusive as to whether PRP schemes increase the motivation and productivity of workers in general, especially in the long term.

The available empirical data are insufficient to enable one to conclude that PRP schemes will increase productivity and particularly motivation regardless of the presence or absence of other organisational or individual factors. There is however, wide agreement that if implemented outside of ideal working conditions, PRP schemes can have a detrimental effect on performance. In particular, if implemented within a work place characterised by poor leadership and systems, they can lead to resentment, erosion in collegiality, distrust and ultimately reduced morale and motivation. In sum, this review found little evidence or scholarly opinion that supports the view that added financial incentives will improve the motivation and performance of employees in general, but they do pose a significant risk to workplace morale.

The literature also provides scant evidence that financial incentives will increase productivity in either a public sector organisation or a university environment where work is more likely to be driven by intrinsic (e.g. benevolence, curiosity, enjoyment) rather than extrinsic motivations (e.g., financial incentives, personal glory, prizes). First, there is little empirical evidence available that directly examines the rela-

tionship between financial incentives and performance in the higher education sector. There is however, some research within the public service and schools, where little evidence was found to suggest that PRP schemes increase quality performance. An evaluation of the literature within Australian schools by the Australian Council for Educational Research concluded that the success of any performance scheme for teachers depends upon credible and reliable measures of performance, and external and independent administration. Further, without these key features, the credibility of the scheme is easily damaged which leads to a decrease in morale, and in turn, performance.

This review found almost no support for a PRP within Swinburne to achieve the aims as set out in the 2015 statement. Rewarding a small proportion of staff is unlikely to motivate the remaining 70 per cent to produce higher quality research and teaching or to work more efficiently. The opposite is likely to occur – staff are less likely to cooperate on teaching and research initiatives, and administration if someone else will directly benefit (particularly if teaming with others with experience of writing their own achievable goals). The Swinburne Performance, Development and Rewards scheme encourages and measures individualism. Even assuming that reliable and valid indicators of performance will be measured by trusting and credible supervisors, there is no evidence to suggest that academic activity is motivated by additional financial reward. It is therefore concluded in line with an OECD report assessing the effectiveness of PRP's within the public sector that, 'the motivational value of PRP has been overestimated and its adverse impacts underestimated' (OECD, 2005, p. 74).

#### **Swinburne's Reaction to this Research**

While the NTEU was undertaking the above literature survey, it was simultaneously encouraging staff to boycott the University's Performance, Development and Rewards scheme. In its flyers, newsletters and other communications with staff, the Union pointed out that the Performance, Development and Rewards scheme breached the collective agreement (Enterprise Bargaining Agreement or EBA), it explicitly prevented staff from accessing the University's grievance processes (should they wish to dispute their 'performance ratings' within the scheme). It appeared to contravene State and Federal privacy laws (because personal data gathered by the Performance, Development and Rewards scheme

would be stored at the head quarters of 'Success Factors' in the USA, beyond Australian jurisdiction); and it contained several other features that were potentially objectionable. The Union's campaign appears to have been very successful. While management was loathe to disclose how many staff were boycotting the scheme, a third or more seems likely. (For instance, more than two thirds of the academics in one author's own department joined the boycott). No doubt this is why management began to make some concessions to the NTEU. In particular, the scheme would now be voluntary, and staff were offered inducements to participate; they received \$1000 towards approved staff development programmes (e.g. a conference).

During 2009, the Union was engaged in negotiations and bargaining with Swinburne management for a new collective agreement/EBA. During these negotiations, it was agreed that the impasse between the Union and management over the Performance, Development and Rewards scheme should be resolved by imposing a sunset clause on the scheme, and by that time, a committee of equal numbers of University and Union representatives would develop a new staff appraisal and development scheme. The EBA stipulated that the new staff development and appraisal scheme was to be evidence-based. The findings cited in this paper must therefore be taken into account by the committee. The EBA states that if agreement on a new scheme cannot be reached, the disagreements will be taken to a higher authority (the body known as 'Fair Work Australia').

At the time of writing, input by Fair Work Australia was looking quite likely. Management appears to be ignoring the literature on the subject, and they clearly want any new scheme to contain all the same features as their current Performance, Development and Rewards scheme, including ranking and performance related rewards. The then Vice-Chancellor assured the NTEU that he personally had always been comfortable with his own performance bonuses and so the Union ought not fear their use! As at the end of 2010, only four of Australia's 39 universities paid their academic staff less than Swinburne, and Swinburne's administrative and general staff rated only a little better (NTEU 2010). One wonders whether low wages is a strategy to make staff hungry for a pay rise, and thereby more likely to accept a scheme with performance related pay increases (even if those increases are for only one year, and only a minority of the staff will get them, as is planned).

The Performance, Development and Rewards scheme has been trialled for one year but not on academic staff. The results for that year showed that senior administrative staff, or managers, had a much greater success rate in winning the pay bonuses than lower and junior administrative staff. The scheme continues.

Given the generally bleak findings of this research on the performance of performance related pay schemes, the Union is keen to use its power to fashion a less divisive, superior, confidential and more staff friendly appraisal and development scheme. It is particularly important that this occur before other Australian universities examine performance related pay schemes.

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