

Why University Governance Fails

Performance Payment and Management by Objectives

Christoph Biester

Leibniz University Hanover
Germany
Department of Sociology

7th International Workshop on Higher Education Reform (HER)
October 7-8, 2010
Vancouver, BC, Canada



- 1 Introduction
- 2 Performance oriented payment in German Universities
- 3 Data and Methods
- 4 Results
- 5 Conclusion and Further Questions



- The Bologna Process forces a radical reorganization of the study program.
 - performance based funding
 - performance oriented payment (2005)
-
- Bringing the market in the bureaucratic university system!
 - Less state, more market!



What are the main goals?

What are the main goals?

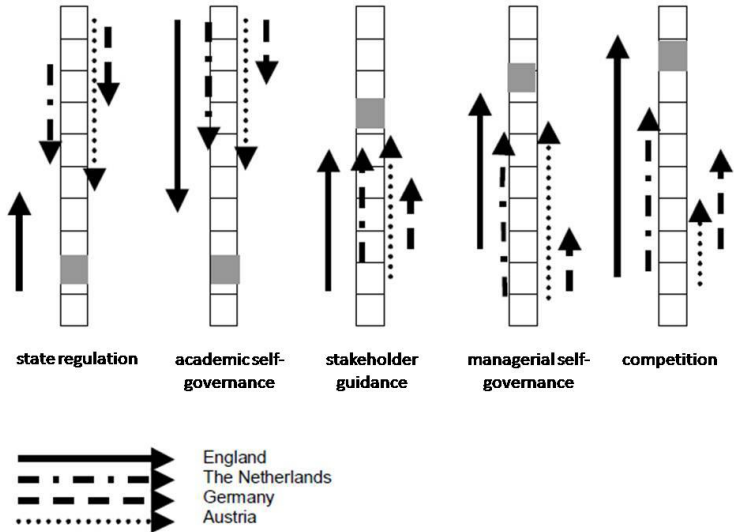
- increase efficiency
- improve the performance of the university system
- improve the performance of the individual professor
- save money

How to reach these goals?

- financial incentives
- Management by Objectives



Governance Equalizer



de Boer;2008

What happens on the micro level?

Management by Objectives as a management instrument fails.

Performance principles are on their way and will be effective on the micro level.



What happens on the micro level?

Management by Objectives as a management instrument fails.

Performance principles are on their way and will be effective on the micro level.



What happens on the micro level?

Management by Objectives as a management instrument fails.

Performance principles are on their way and will be effective on the micro level.



The old payment system (C-Besoldung)

- rule of seniority
- average income 8,200 US\$
- staffing decision by the federal Ministry of Science

The new payment system (W-Besoldung)

- partly performance oriented
- base salary 6,200 US\$
- University Director is responsible for staffing and payment



Additional money can be earned by...

- ... appointment negotiations.
- ... special performance in research and teaching.
- ... taking over positions in the self governance.

Usually the amount of the performance payment is stated in a *Management by Objective* process between the university director and the professor.



- 23 interviews with university professors.
 - Experiences with the Management by Objectives.
 - Evaluation of the performance payment system.
-
- Content analysis of the evaluation with Atlas.ti.



statements / quotes

positive (45)

basically right, pay for performance, incentives, selfgovernance

negative (15)

basically wrong, base salary, performance measurement

critical (93)

incentives, the old payment system, performance measurement, inequity



Thesis I: Performance principles are on their way and will be effective on the micro level.

- Performance principles are widely accepted.
- Often the University Professor in the old payment system is used as an example for some kind of absence of any incentives.
- Performance measurement is usual everywhere, so why not also in the university.



Different salaries have to be the consequence...

...but,

- ... the base salary is assessed as too low.
- ... differentiation follows not only performance principles.
- ... different structural and personal aspects are mentioned.



The amount of the performance payment is depending...

- ... on the discipline.
- ... on the quantity of candidates.
- ... on negotiation skills.
- ... if it is the first appointment.



Performance payment and performance principles are widely accepted.

The following differences are stated as inequitable, because of the mentioned structural and personal aspects.

Often used reference is University Professor in the *old payment system*.



MbO is failing because ...

- ... sometimes it is too detailed (filling in a form).
- ... sometimes the stated goals depend on many different people and institutions.
- ... it does not fit into the scientific practice of knowledge production at all.



Performance principles and performance payment in general are wideley accepted.

Salary differences have to be the consequence, but they are judged as unfair. Since they are not founded in differences on the individual performance but rather caused in structural and personal aspects.

MbO is failing, because the application is weak and MbO does not fit into the practice of knowledge production



Further research is needed...

- large scale inquiry, focusing on the equity and inequity of the new payment model.
- What happens on the institutional level?



Thanks a lot!

Thank you very much for your attention!

The presentation can be found on
<http://www.w-besoldung.net/>

