PERFORMANCE MANAGEMENT OF ACADEMIC STAFF ON THE EXAMPLE OF THE FACULTIES OF ECONOMICS IN UNIVERSITY OF TARTU AND IN TALLINN UNIVERSITY OF TECHNOLOGY

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Abstract

In order to continue its mission in preparing educated work force needed for supporting implementation of Estonian economic policy, universities need to improve the usage of its scarce resources. We study the expectation and attitudes of academic staff towards performance appraisal and related reward systems. Our survey and focus-group interviews revealed that although the systems deployed in those two Universities were different by its nature – Tartu had adopted performance-based approach, where performance appraisal results were closely connected to salary, and Tallinn University of Technology had taken position-based approach, where general salary condition on the time of appointment play pivotal role – the expectations of staff were similar. In both universities, leaders preferred more measurable performance-based systems, but the rest of staff favoured more loose and stable approaches. Implications of results towards appraisal and rewards systems for academic staff are discussed.

Keywords: performance management, performance appraisal, pay-for-performance, academic staff, university, performance appraisal indicators and methods, performance appraisal and remuneration systems.

JEL Classification: M12, M48, M52, I20, I23 (i20, i23)

1. Purpose, object of research and methodology

The aim of the research is to prepare recommendations for developing performance management of the academic staff on the example in the Faculty of Economics and Business Administration at the University of Tartu and in the School of Economics and Business Administration at the Tallinn University of Technology (hereinafter FE UT and SE TUT). As part of the research, research is conducted on performance appraisal (hereinafter PA) and remuneration systems for academic staff (teaching and research staff) at two leading public universities in Estonia.

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The object of research is the performance management (hereinafter PM) systems for academic staff at the FE UT and SE TUT. Performance management has been considered to refer to a range of activities aiming at improving organizational effectiveness. Articles adopting broad coverage of PM, encompass setting of goals on individual, team and organizational level, development and training of employees and rewards systems in organizations. For the purposes of this research, the scope of PM is limited to the (1) performance appraisal and (2) reward systems of academic staff, enabling more in-depth analyses and capturing of interplay between those two components of PM (see figure 1).

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**Input**
- Employee (personality, competences, values)
- Resources
- Regulations

**Process**
- Work processes (level of cooperation, coordination between employees)
- Appraisal, remuneration, motivation of employees
- Development of employees

**Output**
- Individual performance
- Team performance
- Organizational performance

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**Motivation and reward**
- Motivation of employees (intrinsic, extrinsic)
- Monetary and non-monetary rewards
- Remuneration (base pay, pay for performance, bonuses)

**Performance appraisal**
- Bases for appraisal (activity-based vs. results-based indicators; qualitative vs. quantitative indicators)
- Methods of appraisal (general vs. detailed methods, objective vs. subjective methods)

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**Figure 1. Process and components of performance management**

Based on theory, the research methodology was developed, incorporating qualitative and quantitative methods. At first, exploratory analyses was conducted in FE UT involving the analyses of documentation FE UT had on their PM routines and systems, focus group interviews with academic staff, interviews with experts in related field and participatory observations. Based on results of initial grounding effort, questionnaire-based survey was developed to measure attitudes and expecta-
tions of academic staff towards performance management systems in both universities. The data collected during the survey was analyzed and results compared with theory and practice. As the data from FE UT was gathered over the period of 7 years, analyses includes also review on how the PM system has developed over time, ascertaining special features with respect to the economic crisis and the organization’s development cycle. As a result of the research, recommendations are proposed for developing performance management systems suited to academic environments.

To determine the particularities of the abovementioned systems, a total of 82 academic staff were surveyed in 2012-2013 (2012 in FE UT and 2013 in SE TUT), three academics were interviewed at SE TUT and seven focus group discussions were conducted at the FE UT. Descriptive statistics analyses were used to analyze the results obtained.

As part of performance management for academic staff, performance appraisal is linked with remuneration. Performance appraisal of academic staff is conducted at Estonian universitites mainly at the time of the candidate’s application and as part of annual reports, and only in a few cases there is an additional (development-oriented) annual performance appraisal system utilized. This research attempts to find answers to the following research questions.

1. How is academic staff appraised?
2. What types of pay systems are implemented and how are they linked to performance appraisals?
3. What kinds of methods and indicators for appraising performance of academic staff are used?
4. How does academic staff perceive various aspects of the performance appraisal and remuneration systems?
5. How are the performance appraisal methods and indicators developed?

Performance management of academic staff is based on two pillars: (1) annual performance appraisals and (2) corresponding remuneration decisions. PM is considered as an important management instrument on tactical level. Performance appraisal of academic staff may be: a) position-based and/or annual; b) general and/or detailed; c) long- or short-term; d) quantitative and/or qualitative indicator based; e) objective and/or subjective; f) a combination of the above. A combination of different indicators and methods was used to appraise performance. In parallel to qualitative indicators and subjective assessment based evaluation, some cases saw the additional use of quantitative and objective indicator based annual evaluation. The subjective and position-based appraisal of academic staff takes place as part of the appointment to the position and is based on general, long-term and qualitative...
indicators. The academic staff pay system can be a) position-based (salary scale and basic wage based); b) market-based (work and salary market based); performance based (performance appraisal based); d) a combination of the above. The performance based systems for remuneration are based on the annual performance appraisal and comprise a unified performance management system.

2. Theoretical overview

PM generally

For the purpose of current study, performance management is defined as a management instrument, consisting of (1) performance appraisal and (2) remuneration connected to results of appraisal. The goal for performance management is to increase performance and align means of performance appraisal with strategic goals of an organization (Decramer et al. 2013; Stanton, Nankervis 2012).

PM enables the consolidation of work effort of individuals and work teams for achieving strategic goals of the organization. Integration of also extra-organizational groups (stakeholders) into this system enables creation of highly effective strategic performance cycle (Hunton et al. 2009). PM is also an integral part of managerial control system aimed at employee work activities and work results. Three integral components can be indentified - inputs, process and outputs. Several authors (Kagioglou et al. 2001; Mone et al. 2011) have emphasized the need to look beyond measuring end results (outputs), but focus also on inputs (what resources were used), process (how the results were actually achieved) and by what extent they were developed during the performance cycle.

Goal of PA in process of PM is to give evaluation to work results, give feedback and improve work performance. PA as a term is significantly narrower that PM, focusing only on evaluative component of PM, but the aim is still on improving work results (Gravina, Siers 2011). Latest literature emphasizes the need to look beyond appraisal's evaluative component and looks at it as two-component bundle, where the focus is also on developmental side of the appraisal process (Gravina, Siers 2011; Edler et al. 2012). Appraisal is primarily based on past performance. The focus of PA can be individual employee, a team or organization as a whole, including both their work results and activities (processes). And during the appraisal process also several administrative functions are being carried out: control and documentation of employees work performance, and transformation of performance data into comparable form.
The trend is in linking results of performance appraisal with pay. Those forms of pay are called pay-for-performance (hereinafter PFP) or performance-related-pay, where the level of remuneration is connected to employee's contribution to fulfilling organizational goals (Hartog, Verburg 2004; Neal 2011). In western management culture, PFP has been a dominant practice already from the beginning of 20th century, as the issue of PFP occupied a pivotal role in principles of Scientific Management.

The central idea behind PFP systems, where work outputs or results of appraisal are connected to employees’ salary, is to ensure increased work motivation and thus improve results on individual and company level. This has been emphasized in several in different motivational theories, including (but not limited to) goal-setting theory, expectancy theory, and most dominant of them - the agency theory. The belief in positive impact of those practices is not uniform though. Already in 1968, Frederick Herzberg expressed in his seminal piece "One More Time, How Do You Motivate Employees?" concerns regarding effectiveness of using money as motivator. And he was not alone with his concerns, as several other researchers arrived on similar conclusions (for example Camerer, Hogarth 1999; Deci, Ryan 2000; Deming 2000; Scholtes 1993; Semler 1989). For example Edwards Deming (2000) notes that organization is a complicated system of interconnected processes; but PFP forces managers to use simple incomplete measures that are easily manipulable, fail to grasp the interconnectedness of organization and therefore leading to suboptimization of processes. That in turn result in negative outcomes on organizational level, although individual performance outputs may improve at the same time.

To conclude, dominant body of research emphasizes positive effect of PFP systems on (individual) performance (Jenkins et al 1998; Stajkovic, Luthans 1997; Prendergast 1999; Laursen 2002; Atkinson et al. 2009; Gießen et al. 2010; Choi et al. 2013). Although one must say that the research in 2000ies have abandoned simple straightforward approach to PFP systems and started to acknowledge the complexity of issues related to both positive and negative aspect of using PFP. Like Gerhart et al (2009) have stated in their literature review article, there is no simple "yes" or "no" answer to the question regarding effectiveness of PFP systems, but there is strong evidence that PFP has positive impact on motivation and in most of occasions where PFP is used, there are negative implications present that are difficult to avoid.

When usage of PFP systems is considered to have positive impact on quantitative aspects of work, there is no positive impact found to exist between PFP and quality of work. Although it has been found to that incorporation of quality-dimensions into work performance management and PFP systems is possible and useful (Hartog,
Verburg 2004), then in majority of research has failed to find positive impact or reports negative impact of PFP systems on quality (Rosenhtal, Frank 2006; Camerer, Hogarth 1999). Use of PFP is successful in case of simple (especially physical) jobs, where there is direct visible link between effort and output and performance management can be based on quantitative measures. However, in case of knowledge-intensive work (like scientist work), this may not be the case. The motivation to engage in knowledge intensive work in mostly intrinsic and PFP is found to reduce this intrinsic motivation (Kallio, Kallio 2012).

PM in public sector

Performance appraisal is incorporated into management of public sector organization under the concept of the New Public Management (NPM). NPM was first introduced in 1980ies and aimed at modernization of management practices utilized by public sector. And the NPM has not lost its actuality also today. NPM uses more narrow approach to performance management, focusing mainly on appraisal and pay-components. Performance appraisal has become a central issue in discussions over performance management in public sector. In 70ies public sector both in Europe and USA focused on control of outputs and adoption of management by objectives approach (MBO). In 1980ies the next step was made with introduction of NPM, which serves until today as an ideological foundation for management philosophy of public sector in many countries.

Similarly, public sector has extensively adopted PFP systems. According to OECD reports, majority of member countries have implemented PFP systems as management tools in public organization (Cardona 2007). When there is wide body of literature from research conducted in private organizations that show positive connection between PFP and work results, then in public sector the success stories are scarce or considered to be unreliable (Gielen, Kerkhofs, Ours 2010).

In conditions of scarce resources and declining budgets, public sector is forced to implement more effective performance management methods, mostly adapted from private sector. Although it has resulted in more intensive control of outputs and usage of explicit standards, also several positive trends have taken place. Namely, decentralization of management, larger scope of management and autonomy in decision making, self-management and increased transparency of activities (Melo, Sarrico, Radnor 2010; Bogt, Scapens 2012).
PM in academia

Performance appraisal is topical also in management of academic staff and is based largely on further developments of NPM. Analyze of researches done on performance appraisal in academia revealed that increased competition between universities served as the driver for implementing improved performance management systems and resulted in greater focus on appraising the performance of both faculties and staff. And in linking the results of those appraisals with pay and career advancements. As a result, the level of professionalism in managing faculties and academics has increased. Also, the measures on how the performance is evaluated have become more diverse.

Similarly to private sector and public sector, the research on effectiveness of the use of PFP systems (and linking appraisals with pay level) in academia have not reached consensus. For example Bogt, Scapens (2012) argue that performance appraisal inhibits the creativeness of both teaching and research. And as the pressure on funding on university level is increasing, so does the focus on individual performance evaluations and associated level of stress of academic staff. Another observable trend is increase in authority and power of non-academic staff (managers) in decision making and decline of academic voice and freedom (Melo, Sarrico, Radnor 2010).

Performance management measures, including appraisal and remuneration, associated with several problems. Some problems can be attributed to the inappropriateness of the tool to the environment of academia, but there is also certain proportion of problems that can be traced back to incorrect or incomplete utilization of those tools. Research has established several dilemmas in implementation of performance management - uncertainty of science (lack of clear "activity - result" link), verification of performance measures, transparency in public provision of information and actions taken to meet those goals (Zia, Koliba 2011). Those potential problems are magnified, if performance appraisals are conducted unilaterally, are hierarchically-based and as a result foster fear. In that case the appraisal becomes distorted and instead of motivating effect, it results in demotivation and loss of job satisfaction (Pascal, Marschke 2008). Second set of issues can be attributed to multitude of goals that a university faces - it needs to balance its resources and efforts between high-level international research, development of national scientific and higher-education systems, educating specialists for job market, cooperation with local companies and community etc.

Performance management has led to increased number of publications, especially in journals ranked as "high tier" by university performing appraisals. To generalize the
results of implementing those tools in academia - what gets appraised, gets improved. The problem, however, is that increase in quantity of publications have led to lowered quality of those publications (Gil-Anton 2011). As a result, in order to decrease negative aspects of quantitative measures, British universities have started to combine measurement of performance with greater degree of academic freedom and development. And in order to further decrease the dominance of quantitative productivity measures and impact of financial performance indicator, other systems have been introduced, that are based on qualitative-measures, including for example EFQM (Bogt, Scapens 2012). Performance management systems of academic staff must serve to foster development and should be focused towards constant improving the quality. Quantitative measures widely established as a base for appraisal in academia have failed to serve its purpose; therefore the systems should be balanced with qualitative measures.

3. The practice of performance management of academic staff at FE UT and SE TUT

Using performance management, performance targets are set for academic staff, their performance is evaluated, and their activities are guided and supported to link the individual goals and actions of academic staff with the university’s objectives and to ensure employees’ motivation and career. Academic staff performance management systems are implementation in the world’s universities with varying thoroughness and based on targeting and timescale levels.

A key component of performance appraisal is a multi-faceted feedback system, the effectiveness of which is predicated on openness and free exchange of information. To ensure this, collective decision-making systems (councils) and appraisal interviews are used. The classical system for performance appraisal in the framework of the appointments to a position is related to strategic management of university and is based above all on long-term goals.

Because of the multiple dimensions and complexity of measuring performance, universities mainly use traditional position-based (qualification-based) academic staff performance evaluation, which in turn is related to the salary system. The professional suitability of academic staff is generally evaluated at Estonian universalities at the time of the candidate’s application and as part of general annual reports and only in some cases (FE UT) is additional thorough and detailed academic staff performance evaluation systems utilized.

Remuneration of academic staff is based on university-wide legal acts, which are essentially similar to each other and consist of a basic salary and performance pay
and bonus for fulfilling additional duties. The evaluation of academic staff and determination of basic salary is based on whether the requirements defined in the job description are fulfilled and financial resources at the disposal of the specific structural unit. The basic salary is generally agreed upon in the employment contract for the entire term of the appointment depending on the position and the minimum level of the basic wage, the duration of the working time and work conditions, except for FE UT, where the remuneration (including basic salary) is adjusted based on the annual performance assessments. With regard to performance appraisal and remuneration system, EF UT is unlike the others, as performance evaluation and remuneration principles used at companies are used here.

Targeted management are the predominant methods used for appraising performance of universities and their subunits (faculties, institutes). As part of this method are balanced scorecard in FE UT, under which the most important quantitative indicators related to universities’ primary objectives are used: e.g., number of top-ranked journal publications, defended doctoral dissertations, number and scope of international and local projects, ability to secure research grants, the level of competition between students wanting to enter different curricula etc. These indicators are also part of academic staff remuneration system, having significant impact on salary levels. Compared to European universities, implementation of targeted management have granted universities in Estonia more freedom in making decisions on usage of appraisal and remuneration systems (Estermann, Nokkala, Steinel 2011).

The evaluation indicators used must undergo continued development based on the universities’ development and priorities; among other things, consideration must be given to the impact of the top-ranked journal publication sources and level of influence of researchers, receiving research grants and projects, assessments of the up-to-datedness of curricula, the number of younger academics, competitiveness in the labour market etc, and also, to a greater extent, indicators that gauge the quality of the work, development of academic staff at the universities and their subunits. Use of these indicators is complicated and requires subjective evaluation, the reliability of which would in such a case be placed in question – the more substantive and significant an indicator, the harder it is to gauge it reliably. Even the level competition for admissions to a university is difficult to compare, as the curricula of universities in different cities and the potential of the education market vary and are changing constantly.

Academic staff performance appraisal at the SE TUT takes place above all pursuant to the basic requirements for the position; and an annual performance appraisal is not conducted because it is considered to be too complicated, subjective and conflict-prone. The appraisal interviews conducted with academic staff and the
surveys of student feedback conducted centrally at the university as a whole are not very representative. Problems related to academics and teaching discussed above all in an unofficial manner. For 1-3-year-long employment contracts, this is not as critical as it is for longer employment contracts, which is why it is sufficient to evaluate suitability for a position in the course of the appointment process. However, the drawback of the system currently in use is that academic staffs seek a minimum workload and accept the basic salary established by the institute head and dean as specified in the fixed-term employment contract – they are not motivated to do additional work. A lower workload would allow savings on working time and allows them to work as consultants and trainers for the private sector on the side, as this is higher-paid than the work they do at the university.
Table 1. Appraisal and reward practices of academic staff in FE UT and SE TUT

<table>
<thead>
<tr>
<th>Performance management</th>
<th>FE UT</th>
<th>SE TUT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal setting</strong></td>
<td>Main goals of the organization; detailed goals for faculty and academic staff; yearly review process.</td>
<td>Vision and main goals of the organization; general goals for faculty and academic staff; review process once in 3 to 5 years, depending on duration of work contract.</td>
</tr>
<tr>
<td><strong>Evaluation criteria and process of appraisal</strong></td>
<td>Position-based demands towards research, teaching and development; appraisals criteria for each 3 groups are objective, detailed and predominantly quantitative. Appraisal is conducted by direct manager using agreed evaluation criteria once a year. Appraisal criterion is approved by council. Quality of teaching is monitored regularly by direct supervisor.</td>
<td>Position-based demands towards research, teaching and development. Appraisal is conducted by special committee when work contract starts to expire, usually once in every 3 to 5 years. Annual reviews are random and dependent on initiative of each individual supervisor. Quality of teaching is monitored regularly by direct supervisor.</td>
</tr>
<tr>
<td><strong>Base salary</strong></td>
<td>Base salary dependent on position, value determined by university's general salary instruction; annual review of salary levels is based on results of appraisal. Criteria for appraisal and corresponding results are made public.</td>
<td>Base salary dependent on position, value determined by university's general salary instruction. Rules for differentiation of base salary not set and results of appraisal not made public. Decisions are based partially on market price.</td>
</tr>
<tr>
<td><strong>Performance-based pay</strong></td>
<td>PFP of up to 30% of base salary, is dependent on annual appraisal results. Extra rewards for accepting additional work activities. Additional one-off rewards in case of publishing in high level journal, receiving a grant or mentoring a defended dissertation.</td>
<td>Extra rewards for accepting additional work activities or doing better work. Additional one-off rewards in case of publishing in high level journal or mentoring a successfully defended dissertation.</td>
</tr>
</tbody>
</table>

This problem is further amplified by the cuts in bonuses and performance pay due to budget constraints – before the economic crisis universities could pay out close to 40 percent of the salary fund as bonuses, in recent years only up to 20 percent has been available. Thus competitive, high personal salaries can be used in only a few cases.
Although salaries of academic staff are much higher than the minimum salaries established at the SE TUT for the corresponding positions, they are not high enough or motivating compared to the salary level at companies in Tallinn.

Performance appraisal of academic staff at the FE UT is based on the university-wide requirements for academic staff but this is complemented by an annual performance appraisal. The system fulfils the role of a significant management instrument at the faculty, being the basis for management accounting and financial management as well. As no management instrument, not even performance appraisal by itself, is capable of ensuring the organization’s goals and providing sufficient steering for the activities of the organization, subunits and individuals, it has to be applied hand in hand with other management instruments (personnel policy, quality and programme management etc). The insufficient implementation of the other management instruments creates additional problems in performance management, which are compounded by the funding problems stemming from the economic crisis and the negative trends on the education market, which have led to an increase in insecurity in guaranteeing and providing remuneration for positions.

A very important role in the performance management of academic staff in FE UT is played by the detailed quantitative-indicator-based annual performance appraisal system (the so-called point system). It is based on evaluation of last year's performance in teaching and on past three year’s performance in research. The system has been applied since 1995 and it has been developed further each year in cooperation with academic staff. Evaluation of teaching is based above all on the number of papers defended under supervision of the academic staff and amount of teaching in lecture format, which is adjusted depending on level of study, form of instruction (teaching classes on weekends), language of instruction, number of students and qualification (only in the case of instruction in lecture form).

As to research, the number of publications is taken into account, adjusted depending on the place of publication, with the aim being to appraise the quality of the research. The publications are grouped into 30 groups the difference in weights of which is 60-fold – the lowest rating is assigned to an article in a popular science periodical and the highest is given to a publication in a speciality, international high impact factor journal. The difference between weights assigned to ratings based on the source is quite detailed and extensive, but even this does not allow the quality of research to be assured to the desired extent. Part of the academic staff adapts quickly to the system; they seek out easier publishing opportunities and do not focus on the actual quality of the content of the research. Although annual adjustments of the indicators for performance appraisal or their relative weights allows to reduce the abuse of the evaluation system and ensure better conformity with the actual aim of
goals set, it remains a serious challenge and source of ineffectiveness. Mingers & Willmott (2012) have summarized those challenges by stating that academic staff in universities do not engage in managing performance, but rather in shaping performance, when, in order to publish needed number of articles, scientist "play safe" and avoid controversial topics.

Performance appraisal systems are in essence quantitative or qualitative, which is mainly related to the short- or long-term goals of the organization and are past-based or future-oriented. A qualitative and long-term-goal and future-oriented performance appraisal system is related above all to appointment of academic staff to their positions, which allows more of a development orientation, but is more subjective compared to an annual performance review based on quantitative indicators. The attitudes of academic staff toward quantitative performance review systems vary, with SE TUT academic staff (as opposed to FE UT) desiring further development of a quantities indicator based performance appraisal system, the average ratings (referred to here as “averages”) being 3.3 and 2.2, respectively (see Table 2). The desire of FE UT academic staff to develop quantitative performance review systems (a so-called point system) has also diminished sharply over time – there was a much greater preference for this in 2007 (average 3.2). This has been replaced by discussions about simplification of the system (including the system of counting the number and value of publications) and greater reliance on nominal working hours and position-based salary (see Table 2).

Table 2. Perceptions of academic staff of FE UT and SE TUT regarding performance appraisal and PFP systems. (scale: 1 - not; 2 - rather not; 3 - rather yes; 4 - yes).

<table>
<thead>
<tr>
<th>Question</th>
<th>FE UT</th>
<th>SE TUT</th>
<th>Mann-Whitney U-test</th>
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<tbody>
<tr>
<td>Annual performance appraisal of academic staff is necessary</td>
<td>3,3</td>
<td>3,2</td>
<td></td>
</tr>
<tr>
<td>System of performance appraisals should be further developed based on so called point-system</td>
<td>2,2</td>
<td>3,3</td>
<td>.00</td>
</tr>
<tr>
<td>Appraisal results should be directly reflected in salary decisions</td>
<td>3,0</td>
<td>3,2</td>
<td></td>
</tr>
<tr>
<td>The significance of qualitative measures of teaching should be increased in pay-for-performance systems</td>
<td>3,0</td>
<td>2,8</td>
<td></td>
</tr>
<tr>
<td>System for evaluating publications should be simplified</td>
<td>3,1</td>
<td>2,6</td>
<td>.01</td>
</tr>
<tr>
<td>The system of pay-for-performance should incorporate all aspects of work</td>
<td>3,2</td>
<td>3,2</td>
<td></td>
</tr>
<tr>
<td>The system of pay-for-performance should be based primarily on nominal work hours and position-based pay</td>
<td>2,5</td>
<td>2,1</td>
<td>.03</td>
</tr>
<tr>
<td>The system of pay-for-performance should be based on significantly simplified performance appraisal system</td>
<td>3,3</td>
<td>2,8</td>
<td>.00</td>
</tr>
</tbody>
</table>
FE UT academic staff has experienced the shortcomings of the quantitative performance appraisal system and therefore, more than TUT, favour a simpler, more long-term-goal-oriented review and pay system (average 3.3 and 2.8 respectively; see Table 2). Academic staff’s research is evaluated in three-year cycles, and they want their teaching to be evaluated in the same way, with longer-term indicators. The performance review system that is the basis for remuneration would need to be simplified or a detailed performance review system should be disengaged from remuneration and, instead, linked above all with employee development. In the opinion of academic staff, simpler, longer-term-goal-oriented performance management systems also will lead to better cooperation between employees and a values-based approach with respect to the organization’s goals.

Attitude towards the current appraisal process in FE UT was dependent on position. Researchers and senior-researcher expressed the pressing need to disconnect appraisal and reward systems (see Table 3) and base salaries on position and nominal working hours. Instead of improving the existing quantitative "point-approach", they'd rather simplify existing system. Lecturers, however, would prefer a system where appraisals and PFP systems would be even stronger integrated (average 3.2 and 2.2 respectively; see Table 3). In addition, they would increase the proportion of qualitative measures that concern the teaching-component of their jobs in the PFP systems.

Table 3. Perceptions of academic staff of FE UT regarding performance appraisal and PFP systems (scale: 1 - no; 2 – rather not; 3 – rather yes; 4 – yes)

<table>
<thead>
<tr>
<th>Question</th>
<th>Professor, associate professor</th>
<th>Lecturer</th>
<th>Researcher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual performance appraisal of academic staff is necessary</td>
<td>3.6</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>System of performance appraisals should be further developed based on so called point-system</td>
<td>2.1</td>
<td>2.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Appraisal results should be directly reflected in salary decisions</td>
<td>3.2</td>
<td>3.2</td>
<td>2.2</td>
</tr>
<tr>
<td>The significance of qualitative measures of teaching should be increased in pay-for-performance systems</td>
<td>3.3</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>System for evaluating publications should be simplified</td>
<td>3.0</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td>The system of pay-for-performance should incorporate all aspects of work</td>
<td>3.0</td>
<td>3.4</td>
<td>3.1</td>
</tr>
<tr>
<td>The system of pay-for-performance should be based primarily on nominal work hours and position-based pay</td>
<td>2.3</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>The system of pay-for-performance should be based on significantly simplified performance appraisal system</td>
<td>3.1</td>
<td>3.3</td>
<td>3.6</td>
</tr>
</tbody>
</table>
Funding of the FE UT’s institutes and chairs and academic staff salary policy is transparent (discussed and approved in the faculty council) and depends on the fulfilment of indicators for teaching, research and development as regulated by the performance appraisal system. The performance ratings are directly linked to remuneration, culminating in annual appraisal interviews and salary negotiations. Despite the complicated system for performance appraisal, this has paid dividends over many years; still, it started to slow FE UT development above all in economic crisis conditions. The results of current study show that the shortcomings of the annual performance management system become amplified in these conditions and the academic staffs are more and more bothered by the complexity, administration and resource-intensity of the system (time-consuming nature).

The performance appraisal and pay system in use has motivated the academic staff to do more work, which has led to an increase in their workload. In the course of a study that mapped working time for FE UT academic staff, it was shown that they estimate their own work time as an average of 58 hours a week (taking into account all the activities related to the position). Such a workload causes frustration and has a negative effect on the quality of the work. Heavy teaching workload or pressure on increasing the number of publications keeps them from attaining the quality of work that they are capable of. Orientation to quantity has led to staff adapting to the performance indicators and in some cases manipulating them, which have strained relations between subunits and employees – Mingers, Willmott (2012) reached a similar conclusion. The existing academic staff performance appraisal and pay system motivates spending of financial resources, and does not encourage procuring of resources. Many teaching staff has focused on raising their own performance rating and increasing their remuneration, not on securing additional funding and developing their own abilities and their subunit – a change in this attitude is one of the most important tasks in development of the performance management system.

The opinions submitted in FE UT academic staff group discussions and interviews and in the short answer part of the survey forms regarding performance appraisal and pay system are similar on most issues. Academic staff believes that the performance appraisal system is necessary and important but that it is very detailed and cumbersome and needs to be simplified. Many academic staff feels that insufficient attention to quality is a problem, above all with regard to teaching work. Opinions vary in some cases regarding feedback from students. Thanks to regular feedback from students, which tends to be representative, most academic staff accepts the student ratings as personal feedback which is a good source of background information and can determine “problem” subjects and teachers. Even so, some of the academic
staff see use of student reviews as one component of the performance appraisal as posing a threat to quality of teaching. It is emphasized that drawing specific conclusions and implementing measures requires deeper analysis in each situation.

In addition to the abovementioned primary shortcomings, a number of conflicting opinions were also expressed: 1) the performance appraisal system is too detailed versus all activities and results are not sufficiently considered; 2) employees’ low sense of job security versus the need for rapid changes. The conflicting opinions point on one hand to different interests and goals and on the other they signal frustration among some academic staff who considers the root of the problems to lie in the performance management system. Some of the academic staff accuses the performance management system of causing their workload to increase (at the same or less pay); generally they are justified in criticizing its shortcomings but fail to consider the global reasons behind it.

Salary committees were formed to develop the FE UT performance system and seven group discussions were held with these committees, moderated by the author. The first salary committee developed and proposed two alternative performance review systems, inter alia 1) modifications to the existing quantitative performance appraisal system; 2) a performance appraisal system based mainly on qualitative indicators was developed. The latter was used as the basis for developing a new model for the performance appraisal and remunerations of professors’. The following indicators were initially proposed for evaluating professors’ performance: (1) the amount of teaching on the doctoral level, (2) defence of doctoral dissertations and master’s theses supervised by the professor, (3) student ratings in all subjects taught over the last three years, (4) receiving research grants and (5) taking part in projects, (6) publishing in top-ranked journals, (7) Google Scholar H-index, (8) social visibility and (7) service to society.

It can be argued that the FE UT performance management easier system serves its purposes and it is adjusted and balanced depending on the problems that have arisen and based on annual priorities. Nevertheless, academic staff criticism of the performance appraisal and pay system being utilized has increased since the beginning of the economic crisis. The academic staff claim that they have already for many years been forced to do more work for the same or even less pay and this has also strained relations between employees. Some lecturers also decry the high teaching workload and insufficient motivation, which is also negatively impacted by the uneven distribution of academic workloads. More and more dissatisfaction is expressed with regard to the performance appraisal system; among other things the negative impact on internal motivation is stressed. It has been argued that performance appraisal plays too dominant role in management of FE UT, and it has weak
links to strategic-, programme- and quality management and personnel policies. The performance management system is oriented to quantity (versus quality) and the individual (versus team) and public disclosure of performance appraisals is not considered to be sufficient.

Academic staff has criticized the quantitative-focus of current performance appraisal system. Even though, when a qualitative-criteria-based performance appraisal system was proposed in the course of salary reform in 2013, many changed their opinion and once again supported the existing quantitative performance management system. The system was seen as a key guarantee for ensuring one’s interests would be looked after, while qualitative evaluation was associated with subjective assessment, which in turn was seen as a threat in coping with changes. The paradoxes listed above were occasioned by the complexity of integrating the academic staff interests with the goals of the university structural unit, which are amplified by the major changes facing the subunits. To overcome them, first it would be necessary to develop long-term goals – setting such goals would allow staff to focus their activities on raising the quality of teaching and research, based on the main goals of the university.

**Summary**

In conditions of negative demographic situation and decreased availability of resources for higher education, the budgets of universities and their subunits are under strain. In order to continue providing high quality service to the society and provide sufficient support for economic policy of moving towards knowledge-intensive services and production, universities need to improve the usage of scarce resources. One way how universities have addressed this challenge is by making steps to improve the effectiveness of management. More specifically - adopting modern performance management systems into their management practices. Similar trends can be captured both in the University of Tartu and in the Tallinn University of Technology.

Using complex and detailed performance management systems, academic staff activities can be shaped and managed in a more robust way, albeit thereby restricting the freedom to pursue the activities that would trigger internal motivation. Those systems can ensure the external motivation of staff and therefore making sure that the assigned tasks are fulfilled as required. However, there are also downsides of those practices. Extensive use performance management tools like performance appraisal combined with pay-for-performance has started to slow the development of universities and their subunits. More specifically, these conditions have created excessive competition between academic staff that in turn results in reduced
cooperation. As a result, there is growing criticism and scepticism on whether these systems are suitable for use in academic context.

Performance management systems used in faculties of Economics of University of Tartu and Tallinn Technical University have some similarities. Both universities use profession-based performance appraisals that take place (depending on duration of work contract) in every 3 to 5 years. UT however has implemented also additional yearly appraisal system, where short-run work result (quantitative measures like number of articles published and teaching load to mention only some) are being evaluated. As a recent development, TU has modified the system by adding also qualitative element that takes into consideration elements of academic activities that are not quantifiable but are crucial in fulfil the mission of TU.

Quantitative component of performance appraisals of academic staff enables measurement of "visible" activities - teaching load (in contact hours) on different stages of study, number of research paper or dissertations mentored, number of articles published in high-value outlets etc. The effectiveness of research is also measurable also by the sums of research grants received. Quantitative component of appraisal offers solid base for performance management and helps to prioritize efforts and provide control over budgets and resource allocations. But his tends to be rather short-run tool that fails to provide solid support for long-run goals of organization. To fill the gap, introduction of qualitative aspect of appraisal can be the solution. It has been argued that having development in mind, qualitative component may be more precise and effective than quantitative approach, making it easier to promote cooperation, sharing of ideas and participation in policy-making.

Although the quantitative aspect (and its link to pay systems) has deep roots in performance management practices in universities, the opinions of staff over its effectiveness are not uniform. Supporters of quantitative measures of appraisal tend to be those, who have not exercised this approach themselves. Those who are sceptical emphasize the need to balance those (short-run) measures with more stable and long-run goals in order to ensure focus on constant improvement in the quality of both research and teaching even in conditions of scarce funding. Also, as the motivation to engage in knowledge intensive work is primarily intrinsic, the usage of quantitative measures in appraisal should be handled with care.

Still, performance management system is just one management instrument. In order to keep one component of the performance management system from dominating and exerting a one-sided influence on teaching and research, it is necessary to use other management instruments as well, to mention quality management tools as one possible option.
References


Uuringu eesmärgiks on välja selgitada akadeemiliste töötajate töösoorituse juhtimise (sh hindamise ja töötasustamise) arengusunud Tartu Ülikooli ja Tallinna Tehnikaülikooli majandusteaduskondade näitel. Selleks viakse läbi Eesti kahe juhtiva avalik-öigusliku ülikooli majandusteaduskondade akadeemiliste töötajate töösoorituse (edaspidi TS) hindamise ja töötasustamise süsteemide alased uuringud. Uuringu objekts on Tartu Ülikool (edaspidi TÜ) ja Tallinna Tehnikaülikooli (edaspidi TTÜ) majandusteaduskondade (edaspidi MJ) akadeemiliste töötajate TS juhtimise süsteemid. Uuringu käigus määratakse kindlaks uuritavate ülikoolide vürreldavate allüksuste akadeemiliste töötajate TS hindamise ja töötasustamise süsteemide eripärad ja tehakse ettepanekud nende arendamiseks.


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juhtimisinstrument ning sellega kaasnevad sageliselt negatiivsed kõrvalmõjud. Ühel meeles ollakse selles, et töötajate tulemustasustamist on otstarbekas rakendada siis, kui pingutuse ja tasu vahelised seosed on lihtsad ja kvantitatiivselt mõõdetavad, kvaliteedi tagamisel on tulemustasustamise võimalused aga piiratud.


Teooriale tuginenud töötati välja uurimismetoodika, milleks kasutatakse dokumentide analüüsits, anekdootikusest, akadeemiliste töötajate ja fookusintervjuusid ning osalevat vaatlust. Nimetatud süsteemide eripärade kindlaks määratlemiseks kasutati 2012-2013 aastal TÜ ja TTÜ MJ-s kokku 82 akadeemilist töötajat ning intervjuueeriti 3 juhti ning viidi läbi 7 fokuseeritud grupiarutelu. Saadud tulemuste analüüsimehekse kasutatakse kirjeldavad statistikat.

Akadeemiliste töötajate TS (tulemuslikkust) hinnatakse vaadeldavates ülikoolides esmal ametikohale valimise kaudu ning TÜ MJ-s täiendaval aastaaruannete ning iga-aastaste detailsete TS hindamise süsteemide abil. Uuringus püütakse leida

TÜ ja TTÜ MJ akadeemiliste töötajate TS hindamine on korraldatud erineval viisil, sh oluliselt täpsemalt TÜ-s ja selle MJ-s, kus eesmärgilise juhtimise raames on koostatud arengukavad ja rakendatakse BSC metoodikat. BSC süsteemis peetakse arvestust ligi kahekümme näitaja osas, sh näiteks üliõpilaste arv ja konkurksi tase erinevatel öppetemetel, tipp-publikatsioonide arv, kaitstud doktoritööde arv, teadus- ja rakendusprojekti maht, üliõpilaste ja töötajate rahulolu jt.


TTÜ MJ ei rakendata akadeemiliste töötajate TS iga-aastast hindamist põhjusel, et seda peetakse liialt keeruliseks, subjektiivseks ja konfliktide tekitavaks. Samuti on akadeemiliste töötajatega läbiviidavad hindamis- ja arenguvestlused vabatahtlikud ja juhuslikud ning olenevad allikusse juhi personaalse initiatiivist. Ka üliõpilaste tagasiside küsitlused on vähesindulislikud ning teadus- ja õppetööga seonduvaid
probleeme arutatakse eelkõige mitteametlikus korras. Rakendatava süsteemi puuduseks on see, et töötajad taotlevad minimaalseid töökoormusi ning pole motiveeritud täiendavat tööd tegeva. Väärm tõökoormus võimaldab tööaega kokku hoida ning selle arvelt näiteks ülikooliväliseste ettevõtetele tasulisi konsultatsioone ja koolitusi teha. Kuigi TTÜ MJ akadeemiliste töötajate põhipalgad on oluliselt kõrgemad TTÜ-s kehtestatud minimmumpalkadest vastavatel ametikohtadel, pole need piisavalt motiveerivad Tallinna ettevõtete palgatasemetega vörredes.

Akadeemiliste töötajate TS hindamise detailne ja kvantitatiivne süsteem on TÜ MJ-s ennast paljude aastate jooksul õigustanud, kuid hakanud aasta-aastalt üha enam pidurdama teaduskonna arengut, samuti on hakanud akadeemilisi töötajaid üha enam häärima rakendatava TS hindamise süsteemi keerukus, administrerimine ja ressurssimihakus (agnostööd). Osa töötajaid peab vaadeldavat süsteemi ka vaatamata laiapõhjaliste aruteludele ja demokraatlikule otsustusprosessile ebaõiglaseks, koostööd takistavaks ja konflikte tekitavaks. Vaatamata intensiivsele kommunikatsioonile, info avalikustamisele ja osalevate juhtimisele (TS hindamise süsteemi arendamisel ja otsustamisel saadav osaoleva töötaja), on viimastel aastatel suurenud rahulolemus rahulolematuks TS juhtimise suhtes.


Lisaks eespool toodud avaldusid ka mitmed vastandlikud arvamused: 1) TS hindamise süsteem on liialt detailne versuse kõiki tegevusi ja tulemusi ei arvestata piisaval määral; 2) töötajate madal kindlustunne tuleviku ees versuse kiiire muudatuste vajadus. Vastandlikud arvamused viitavad ühelt poolt erinevatele huvele ja eesmärkidele ning teisel poolt akadeemiliste töötajate ülepingele ja frustratsioonile. Osa akadeemilisi töötajaid süüdistab oma koormust suurenemises (sama või
väheneva töötasu juures) rakendatavat TS juhtimise süsteemi, kritiseerides selle puudusi üldjuhul õigustatult, kuid jättes piisava tähelepanuta tegelikud globaalsed põhjused.


Eespool toodud vastuolud on tingitud akadeemiliste töötajate huvide ning ülikooli ja allüksuste eesmärkide ühildamise keerukusest, mida pingestavad eelseisvad suured muudatused. Nende ületamiseks oleks vaja välja töötada kooskõlastada pikaajalised eesmärgid, millest juhindumine võimaldab töötajatel fokuseerida oma tegevust õppe- ja teadustöö kvaliteedi tõstmise suunas, lähtudes ülikooli põhieesmärkidest. Rakendatavaid TS hindamissüsteeme on vaja edasi arendada ülikoolide arengust ja prioriteetidest lähtuvalt, sh võiks võtta kasutusele vähem kuid enam kvaliteedile orienteeritud näitajad, sh näiteks tipp-publikatsioonide avaldamise allikate mõju- ja teadlaste mõjukuse näitajad, noorte järelkasvu, lõpetajate konkurrencevõime tööturul jt, mis iseloomustavad senisest enam ülikoolide ja nende allüksuste ning akadeemiliste töötajate töö kvaliteeti ja arengut.

Keerukate ja detailsete TS hindamise süsteemide abil on võimalik suunata ja kontrollida akadeemiliste töötajate tegevust, piirates aga sellega vabadust tehà seda, mis tagaks sisemise motivatsiooni. Sel teel on võimalik tagada töötajate väline motivatsioon ja püstitatud ülesannete nõuetekohane täitmine, mis pidurdab aga loovust ja innovatsiooni. Keerukates TS juhtimise süsteemides hakkavad paratamatult domineerima kvantitatiivsed näitajad ning võimaldavad juhtidel eemalduda sisulisest juhtimisest. TS juhtimise süsteem on vaid üks juhtimisinstrument ning selleks, et vältida TS juhtimise süsteemi domineerimist ja ühekülset mõju õppe- ja teadustegusharidusele, on vaja rakendada ka muid juhtimisinstrumente, sh kvaliteedijuhtimist.