



JUCC Staffside, December 2014

## Performance Related Pay: A Flawed Vision

There is an ideologically driven push across much of the British public sector to introduce performance related pay and other 'carrot and stick' measures. This is causing deep concern among both staff and user/client groups, including professional bodies and trades unions, because the evidence is overwhelming that such an approach is demotivating and counter-productive, increases inequalities, and actually damages organisational performance.

*[Some references follow overleaf, concentrating on education and HE]*

This drive has so far had only a very limited effect in HE, but it is in danger of infecting us as the language and practices start becoming the norm in the everyday discourse of senior management. JUCC Staffside is concerned that this seems to be happening at the University of Sheffield. We believe such an approach would be damaging for the whole University community.

The dystopian 'driving performance' ideology is a top down one, and the language and practices are becoming ubiquitous as 'managerialism' takes hold. People are rewarded for pleasing their managers and punished for displeasing them. Pay becomes 'reward', work becomes 'performance', everyone must 'excel' or risk being subject to a 'performance improvement plan'. Managers are there to wag their fingers or give a pat on the head.

We have a very different vision. We believe the University works best as a collegial, collaborative community based on trust and respect, where the role of managers is to create and encourage a supportive environment where people are allowed to work well and creatively. This is an environment where everyone is 'looking out at the work' – learning and teaching, research, supporting the endeavour – rather than 'looking up at the hierarchy'. Everyone has a key role to play in our learning community, staff and students.

Of course we recognise that there will also be individual and collective difficulties and problems, and the Trades Unions have negotiated with management policies and procedures to deal with these, such as those for disciplinary and sickness issues and sector-leading organisational change procedures. But these should be used for catching exceptions, not as a stick to 'drive performance'.

A simple, fair and secure pay and pension structure for staff, with job security, based on trust and respect for staff and students, can underpin a strong and vibrant community collaborating in the struggle to 'discover and to learn' within a challenging external environment.

We know that a major draw of Sheffield for academics is its reputation as a collegial and supportive place to work. We mustn't throw that away for a fantasy of 'driving performance' that could never even work.

## References

Following are a few of the countless references around why performance related pay and similar approaches in reality reduce individual motivation and organisational performance.

### A psychological study showing that incentives can lead to worse performance

- Dan Ariely, Uri Gneezy, George Loewenstein and Nina Mazar; 2009. "*Large Stakes and Big Mistakes*" in *The Review of Economic Studies*, Vol. 76, No. 2 (Apr., 2009), pp. 451-469. ([on StarPlus](#))

### A review of the literature on PRP in teaching

- [Performance-related pay and the teaching profession: a review of the literature: Rosemary Chamberlin, Ted Wragg, Gill Haynes & Caroline Wragg](#)

### A look at performance related pay in Swedish schools:

- Lundström, Ulf; 2012. "*Teachers' perceptions of individual performance-related pay in practice: A picture of a counterproductive pay system*" in *Educational Management Administration & Leadership*, 2012, Vol. 40(3), pp. 376-391. ([on StarPlus](#))

### A short video examining reward and motivation

- [Dan Pink at the RSA: The surprising truth about what motivates us](#) – "Get past the ideology of carrots and sticks"

### A report from UCU on Performance Related Pay in FE

- [UCU Briefing on PRP in FE 2006](#)

### From Prof David Marsden, LSE

- [David Marsden The paradox of performance related pay systems: 'why do we keep adopting them in the face of evidence that they fail to motivate?'](#)

### A short article by a business person on PRP

- [Margaret Heffernan: Why Performance Related Pay Doesn't work \(CBS\)](#)

### Performance Related Pay in Public Management

- [Back to the Future? Performance-Related Pay, Empirical Research, and the Perils of Persistence: James L. Perry Trent A. Engbers So Yun Jun](#)

### PRP in Australian Universities

- [Harkness and Schier \(2011\) Performance Related Pay in Australian Universities](#)

### A New Scientist article on the negative results of bonuses:

- Nic Fleming; 2011. "*The Bonus Myth: How paying for results backfires*". *New Scientist*, 2011, Vol.210(2807), pp.40-43. ([on NewScientist](#)) ([on StarPlus](#))

### An LSE workshop:

- [When performance related pay backfires](#)

### Background - The negative impact of rewards on intrinsic motivation:

- Deci, Edward L.; Koestner, Richard; Ryan, Richard M; 1999. "*A Meta-Analytic Review of Experiments Examining the Effects of Extrinsic Rewards on Intrinsic Motivation*" in *Psychological Bulletin*, 1999, Vol.125(6), pp.627-668. ([on StarPlus](#))
- Germinal research in the 70's by Edward Deci and Richard Ryan, which has been confirmed many times since and is used to underpin [Self-Determination Theory](#), shows that extrinsic rewards reduce intrinsic drive except for simple one-off tasks. In other words rewards, bonuses etc reduce motivation to do the activity itself.

### The negative effect of rewards on creative problem solving:

- Glucksberg, Sam; 1962. "*The influence of strength of drive on functional fixedness and perceptual recognition*" in *Journal of Experimental Psychology*, 1962, Vol.63(1), pp.36-4. ([on StarPlus](#))