

# Pay and Performance in Ethiopian Higher Education: Implications Towards Staff Motivation And Engagement

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## Abstract

The allocation of rewards for faculty members in universities has been of much interest to organizational scholars. Though faculty members play a pivotal role in the execution of higher education strategy, the performance management system and pay structure still remains clouded in controversy among academics, popular writers and practitioners. Given the tripartite mandates of higher education, majority of the faculty members devote much of their time (75%) on teaching whereas the other 25% on research and community services as stipulated in the majority of university senate legislations in Ethiopian higher education. The objective of this study was to examine the link between performance and pay in the context of Ethiopian higher education. Based on the conceptual Model of Expectancy Theory of Motivation, review of secondary sources, lived experience of the researchers and experience gained from international universities, the study shows that there is a poor linkage between pay and performance in the higher education in Ethiopia resulting in low employee motivation and engagement. Moreover, the lack of marriage between pay and performance also contributed to the high exodus of top talent to other industries. In addition, neither years of experience nor better performance were accounted to determine faculty pay. Finally, the study forwarded policy implications on performance management and pay scheme of Higher education in Ethiopia.

**Keywords:** Engagement, Higher Education, Motivation, Pay, Performance

## 1. Introduction

The genesis of higher education in Ethiopia can be traced back to 1950s with the establishment of the University College of Addis Ababa (UCAA). Until 1990s, in addition to Asmara University, there were only two public universities in the country namely Addis Ababa and Alemaya (now renamed Haramaya) Universities ((Forum for Social Studies, 2007).

Over the last couple of decades, the Ethiopian Government has been making a significant investment in the expansion of Higher Education and encouraging results have been registered interms of increasing access compared to that in the 1990s. The attention given to the higher education sub-sector also demonstrates greater realization of the critical role that the higher education could play in enhancing the human capital of the nation and in promoting poverty alleviation and economic growth, good governance and political stability. Whereas the expectation of the public from the Higher Education is undeniably high, there is a general perception that the Ethiopian Higher Education system has delivered less than expected in its existence of over six decades (Yizengaw, 2007).

Notwithstanding the rapid expansion, however, the Ethiopian higher education system has been grappling with multifaceted challenges which among others include the issue of equity, quality, autonomy, accountability, brain drain, academic freedom, lack of adequate resource and facilities, teachers working conditions, salary and incentives, and overall management of people resources (Forum for Social Studies, 2007).

No matter how rapid the expansion and massification of higher education in the country is and being paralleled with good policy frameworks and strategies, the mission of higher learning institutions could be realized only with acquisition, development, maintenance and retention of qualified and experienced human capital. There should be a balance between injection of new blood into the higher education system on one hand and the retention of top minds on the other hand.

Observation shows that there is a high outflow of staff from higher education sector to other sectors especially after receiving their terminal degrees. Among the factors contributing to these is the disparity and inequity in pay

between these sectors and the employees working in the higher education sector. With respect to pay, there is a belief among the faculty members that it is not contingent on performance. Those employees who perform better in the sector can not be differentially treated for their contribution and this resulting in disengagement of staff from their normal duties as there is no difference between those who perform above standard and those who perform below standard set by the university. As a matter of fact, this paper addresses problems related to pay and performance and the implications these might have on faculty motivation and engagement.

### 1.1. Need/Importance of the Study

Studies shows that there is a debate on the linkage between pay and performance and its effect on staff motivation and engagement in higher learning institutions. This study extends the debate to the context of higher learning institutions in developing nations taking Ethiopia as case in point. Furthermore, the study contributes to the knowledge on performance management, pay scheme, promotion and career development in higher education sector. It also provides a policy lesson for decision makers for effective management human capital in the higher education.

### 1.2. Statment of the Problem and Research Questions

Given the tripartite mandates of higher education, majority of the faculty members devote much of their time (75%) on teaching whereas the other 25% on research and community services as stipulated in the majority of university senate legislations in Ethiopian higher education. However, in reality, the career path of the academicians primarily depends on research outputs or publications. In this context, it is safe to argue that, the performance management system in the higher education is deficient to incorporate the core element of the performance criterion, i.e., teaching, on which staff members are expected to devote about 75% of their time. To this end, the study examines the following questions: What explains disparity in pay among faculty members in Higher Education in Ethiopia? To what extent pay and performance are integrated? And to what extent the current pay system motivates faculty members for better performance and effectiveness?

### 1.3. Research Objectives

The overall objective of this paper isto examine the pay practices in the Higher education in Ethiopia and its link with faculty performance. Moreover, it addressed the impication of performance management system towards teaching staff motivaiton and engagement. Specifically, to assess the reasons for pay disparity among faculty members in higher educaiton in Ethiopia, to examine the extent to which performance is integrated with pay, and to evaluate the extent to which pay motivates faculty members for better performance in the higher education sector. In addition, the degeree to which years of experinece, level of education, and level of performance measures are linked with pay and whether or not criterion used during academic promotion are valid to justify the inclusion of actual performance of the staff members.

### 1.4. Research Methodology

The study employed qualitative research approach. To this end, secondary and primary sources were used to collect data. Primary data were collected though key informant discussions with profoundly experienced professors and other teaching faculty in higher learning institutions and relevant stakeholders. In addition, the lived experience of the researchers was significantly employed, whereas secondary data were gathered through conducting review of related literature, reports, and policy documents. Lastly, the data obtained has been analysed using qualitative analysis and the results were presented in the form of paragraphs, tables and summaries.

## 2. Review of Literature and Conceptualization

### 2.1. Performance and Its Management

Bernardin(2007) defines performance as the record of outcomes produced on specific job functions or activities during a specific time period. For example, a trainer working for a consultancy firm could be evaluated on his/her “organization of presentations,” which is defined as the presentation of training materials in a logical and methodical order. The extent to which he/she was able to make such methodological presentations would be one measure of outcomes related to that function. Those outcomes should be evaluated by the customers who receive the training. University professors are typically evaluated on three general work functions (teaching, research and service). Performance in each of these areas is defined with different outcome measures. Students are obviously one source of data to evaluate the quality of teaching.

Performance on the job as a whole would be equal to the sum (or average) of performance on the major job functions. For example, a professor’s performance is the cumulative or the average of the performances on teaching, research and community service that he/she is performing. Unfortunately, many performance appraisal

systems confuse measures of performance with measures, traits, or competencies of the person. So what is the purpose of performance evaluation? Is it really meant for informed decisions?

The information collected from performance measurement is most widely used for human resources decisions like compensation, performance improvement or management, and promotion, transfer, discharge, lay off, training need analysis, employee development, and documentation.

## 2.2. Pay as a form of Compensation

The term compensation refers to all forms of financial returns and tangible benefits that employees receive as part of an employment relationship. One of the important issues worth discussing here is the question: Does pay matter? Research suggests that reward systems can influence a company's success in three ways (Bernardin, 2007). First, the amount of pay and the way it is packaged and delivered to employees can motivate, energize, and direct behaviour. Second, compensation plays an important role in an organization's ability to attract and retain qualified, high-performance workers. It has the power to shape the composition of a workforce and the competencies and capabilities they will bring to the organization and ultimately influence firm performance level and effectiveness. Finally, the cost of compensation can influence firm success.

Further studies suggest that pay matter to individual workers and motivates them on two basic dimensions: the instrumental meaning of money relates directly to what money buys: better houses, better education for children, better vacations, clothes, and cars whereas the symbolic meaning of money concerns how wealth is viewed within the society in general (Bernardin, 2007). For example, in the American Society, "rich" is usually equated with "successful," "intelligent," "diligent," and "highly motivated," while "poor" tends to be equated with "failure," "unmotivated," "uneducated," perhaps "lazy" and "slovenly."

## 2.3. Does Pay Motivate?

According to (Ivancevich, 2004), motivation is the set of attitude and values that predisposes a person to act in a specific goal directed manner. It is an invisible inner state that energizes goal directed behaviour. It affects the direction and the strength of behaviour. In motivating employees most of the focus has been on money. From Aristotle to Fredric W. Taylor, "the father of Scientific Management Theory," philosophers, scientists, industrial engineers, and managers believed that money was the only thing that motivates. Beginning with the 1930s, behavioural scientists theorized that all kinds of cognitive a cognitive processes also affect the relationship between pay and motivation. Regardless of the arguments, in job situations, money motivates behaviour when it rewards people in relation to their performance or contributions, when it is perceived as being fair and equitable, and when it provides rewards that employee truly value (Bernardin, 2007).

## 2.4. Employee Engagement

Vazirani (2007) defines, employee engagement as the level of commitment and involvement an employee has towards their organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. It is a positive attitude held by the employees towards the organization and its values. A highly engaged employee will consistently deliver beyond expectations. In the workplace research on employee engagement (Harter, Schmidt & Hayes, 2002) have repeatedly asked employees 'whether they have the opportunity to do what they do best everyday'. While one in five employees strongly agree with this statement, those work units scoring higher on this perception have substantially higher performance.

From engagement view point, people could be of three types (Vazirani, 2007). The first are *engaged employees*". Engaged" employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. They're naturally curious about their company and their place in it. They perform at consistently high levels. They want touse their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward. The second are "not engaged employees". Not-engaged employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks vs. Achieving an outcome. Employees who are not-engaged tend to feel their contributions are being overlooked, and their potential is not being tapped. They often feel this way because they don't have productive relationships with their managers or with their co-workers. In the third categories are "actively disengaged employees". In the words of (Vazirani, 2007),the "actively disengaged" employees are the "cave dwellers." They're "Consistently against Virtually Everything." They're not just unhappy at work; they're busy acting out their unhappiness. They sow seeds of negativity at every opportunity. Every day, actively disengaged workers undermine what their engaged co-workers accomplish. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by actively disengaged workers can

cause great damage to an organization's function. Thus, the study examined the linkage between Effort-Performance- Outcome (Expectancy theory) to understand the impact of pay on teachers' preference of teaching job and profession.

## 2.5. Conceptual Model on Pay and Performance

To guide our thinking and conceptualization, we relied on two models of motivation. The first is the expectancy theory, a cognitive model of motivation and the second is the Equity Theory. According to Vroom (1964) people consciously choose particular courses of action, based upon perceptions, attitudes, and beliefs, as a consequence of their desires to enhance pleasure and avoid pain. This model is generally known as expectancy theory but is sometimes referred to as VIE theory, where the letters stand for valence, instrumentality, and expectancy, respectively (Mitchell and Mickel, 1999). Expectancy theory mainly relies upon extrinsic motivators to explain causes for behaviours exhibited in the workplace (Isaac, Zerbe and Pitt (2001)). External rewards are viewed as inducing motivational states that fuel behaviours, as opposed to intrinsic motivators, where behaviours' are derived as a consequence of internal forces such as enjoyment of the work itself. The relationship between, effort performance and outcome affects positively or negatively the level of employee motivation and engagement. The expectancy theory of motivation explains such a relationship. Undebatably, professionals such as professors in a university have the leading responsibility in development and nation building. Figure 1 describes the expectancy theory model. In essence, the model suggests that the individual feels motivated when three conditions are perceived. (1). the personal expenditure of effort will result in an acceptable level of performance. (2). the performance level achieved will result in a specific outcome for the person. (3)The outcome attained is personally valued. The first point above is labelled as "expectancy," which suggests that people will expend effort when they believe that certain levels of performance are attainable (Karathanos, et al, 1994). This relationship between effort and performance is known as the E-P link- age. The second relationship described above, known as "instrumentality", constitutes a perception that performance levels are related to re- wards bestowed (Fudge and Schlacter, 1999) and is symbolized as the P- O linkage. Finally, "valence" (V) relates to the third statement above and refers to the extent to which the person values the reward he or she receives (Fudge and Schlacter, 1999; Van Erde and Thierry, 1996). It should be noted that, due to individual differences, people often assign different valences to rewards, such as pay (Gerhart, et al, 1995). Therefore, the motivational state of an individual performing a particular task is illustrated by using the following formula:

$$M = E \times I \times V$$

Where:

E- Represents expectancy

I- represents instrumentality

V- Represents valence

Any weakness in the E-P or P-O linkages or in the level of value attached to the outcome significantly impacts the person's motivational state, due to multiplication of factors in the formula expressed above. The motivational chain is obviously only as strong as its weakest link (see Figure 1).

When contextualisation comes in place, what does the expectancy model mean to an academician? The fact that a student has low esteem; he/she probably lacks the confidence to choose stretching goals. Teachers must recognize this and help followers in their developmental efforts. A significant role of the teacher, in these regards, involves spending time encouraging this individual as he or she tries to achieve a desired level of performance. Of equal importance is the expression of appreciation when various successes are encountered along the pathway towards the goal.

This strengthens the E-P linkage. In- deed, the retention of employees partially depends upon recognition given by supervisors for follower achievements and efforts (Ramsey, 1998). The satisfaction of the employee in performing meaningful work assists in elevating overall motivational states. The Performance-Outcome (P-O) linkage. The strength of the P-O linkage depends upon three beliefs in the follower's mind. First, the follower must trust that the leader will be able to "deliver the goods" as promised. The outcome, given that it represents a salient re- ward in the follower's mind, drives the motivational state. This does not involve a process of deception but rather, illumination, which demonstrates that the attainment of personally valued rewards arises as a consequence of behaviour and performance aligned with the furtherance of organizational interests. Satisfaction derived from the knowledge that the job was performed well, in the mind of the follower, constitutes an intrinsic reward of high valence. Leaders must also discuss "means" issues with followers. With reference to each follower, a personal balance sheet must be drawn up, outlining on one side the various positive attributes of the

organizational outcomes offered and on the other side, the negative aspects in terms of personal constraints acting upon the individual. For example, how much time and effort will attaining a particular outcome require and is it worth the cost to the follower? Life stages and the corresponding constraints they impose warrant discussion in order to establish realistic expectations between the parties. Otherwise, the valence attached to organizationally sponsored outcomes might decline in the mind of the follower, leading ultimately to a decline in performance and increased frustration with the work. Leaders must frequently deal with productivity, quality and discipline problems precisely for this reason (Isaac, Zerbe and Pitt, 2001).

### **3. Results and Discussions**

Grounded on the conceptual model specified above, secondary sources, and lived experience of the researchers; this section portrays the results of the synthesis of the study. The analysis covers issues related to the faculty performance appraisal and management system, and pay and benefits practices in Higher Education in Ethiopia with special reference to Haramaya University. In addition, it explained the degree of practical linkage between performance and pay and its implications towards motivation and employee engagement.

#### **3.1. What is the Status and practice of Staff performance appraisal?**

There has been a long established practice of faculty performance evaluation in Ethiopian education sector. Theoretically, it is believed that performance appraisal results are used to support human resource decisions at various levels. However, the real practice does not support the theoretical notion. In line with this, some of the major challenges/problems facing the education sector include: avoidance by supervisors and defensiveness by employees, Poor feedback practices and lack of transparency and accountability, conflicting goals and purposes, poor integration between performance appraisal and organizational strategy, subjectivity in the criterion used during evaluation, reliance on individual traits and competency putting aside the results and outcomes. In line with this, there is a strong quest for institutionalization of Human Resource practices that appreciate and recognizes the results.

#### **3.2. Who Evaluates?**

There is inconsistency even across public universities in the country on who should evaluate the performance of faculty members. In some universities, after introduction of Business Process Reengineering (BPR), they change the modus operandi for evaluating the performance of their staff. For example, they use a combination of student, immediate supervisor, and peers. Though using multitude of sources positively affects the objectivity of the appraisal result, for example, performance evaluation is limited to students as practiced in Haramaya University uses students are principal source of performance information.

The fact that students are used as a source of performance information is paramount justified from the market point of view of targeting the beneficiaries. However, as the job of a teacher particularly in a higher education is not limited to teaching alone, the source of information for evaluating the performance of professors in the higher education should be diversified to include the research community, and the beneficiaries of community service to which universities are mandated to deliver.

#### **3.3. What is the rationale for evaluating staff performance?**

In principle, the performance evaluation results are used for three major purposes: strategic, administrative and developmental purposes (Noe et al , 2008). More specifically, a performance management system should link employee activities with the organization's goals, salary administration (pay raises), promotions, retention-termination, layoffs, and recognition of individual performance; and to develop employees who are effective at their jobs. However, the purpose could only be attained if the performance standards/criterion are valid, reliable, objective and to motivate employees for better performance.

Though the degree of effectiveness varies from organization to organizations, many agree that performance evaluation yardsticks should be designed after taking into account the following fine pillars. Namely, *strategic congruence, validity, reliability, acceptability, and specificity* (Noe et al., 2008). In line with this, the performance criterion used by Haramaya University to evaluate teachers' performance has been examined (see Table 1).

As implied in Table 1, the academic staff performance appraisal results have been evaluated on a five scale ranging from below standard, satisfactory and very good for the scales ranging from less than 3, between 3 and 4, and above 4, respectively. Out of a total of 1426 evaluations per year (by the student) during the year 2011, 85.41% were rated as very good standard. On the contrary, only 1.61% have achieved below standard. The question is now that for what purpose(s) such evaluation is being used? What actions have been taken to

differentiate between the good performers and the poor ones? What happens to poor performers or those who operate below standards?

As a result, such performance evaluation practices have been considered as business as usual and it neither contributed to boost further performance nor used to determine staff pay and promotion. Does the result indicate the true performance of an academic staff? The performance criteria involved in the format is just bound to teaching jobs only without containing the other two mandates (.i.e research and community services). Hence, it is deficient! The process takes place only for procedural consumption and it does not add value to determine pay decisions in the sector. The reality is that there is weak linkage between performance, pay and promotion. Neither the job is seriously done.

### **3.4. Pay and benefits practices in higher education in Ethiopia**

#### **3.4.1. What is the Status?**

Pay for academic staff in higher education in Ethiopia is susceptible to both internal and external inequity. It is one of the least compared to the Sub-Saharan Africa. For example, Ethiopian neighbours like Kenya, Uganda and Tanzania, the comparable economic background pay higher than Ethiopia. This is the main reason why there are only very few professors and qualified lecturers in Ethiopian higher education today. The pay let alone to attract qualified professionals and scientists, it even could not sustain the already engaged nationals. Though the government is aggressively engaged in Higher Education staff development programs, still it is exhibited that there is a chronic shortage of qualified and experienced staff particularly those holding terminal degrees. In the last decade, the ratio of qualifications of BSc: MA/MSc: PhD holders serving in the higher education are not increased as expected. Although, the Bsc, and MSc relatively increased the PhDs remained the same or decreased for years. In the words of one of the prominent and experienced professors working in Haramaya University, *"In the last ten years, I have not detected any change in the statistics ratio of qualifications of Bsc: MA/MSc: PhD holders serving in the higher education. Although, the Bsc, and MSc relatively increased the PhDs remained the same or decreased for years."* The alarmingly increasing exodus of qualified academic staff can be cited as additional evidence justifying poor retention practices in the Higher Education in Ethiopia resulting in unqualified, inexperienced and unskilled staff. This is the reality on the ground.

The salary scale for Academic positions is depicted in Table2. The initial salary is what is being currently paid in the context of Haramaya University. In principle, such pay scale was designed for long years in the history of civil servants pay scheme to first pay the initial salary and proceeds to scales 1-9 and then to the maximum scale based on performances results over the service years (see Table 2). Such pay system was practically meant to motivate and recognize the contribution of an employee over the years of service. The current practice, however, reveals that payments are limited only to the initial salary regardless of the performance results and years of service. According to this payment scheme, for instance, a professor who served for the last ten years literally gets the same amount of pay with a staff newly promoted to similar rank. One can imagine the motivational implication such pay system has on the employee's commitment, dedication and engagement.

#### **3.4.2. What is the consequence of poor and inequitable practices?**

Cognizant of the fact that academician's service in higher education basically means engagement in high level research based teaching, research (knowledge, technology and information generation), and community service (applying the knowledge, technology and information generated to solve practical community problems and accelerate industrial transformation). These tasks or services are highly demanding and requires commitment and dedication.

The success factor behind the development of great nations is that because they managed to generate knowledge and technology and diligently applied to solve real societal problems by retaining top talents such as scientists and academicians (the key and valuable resource for development) at home. To ensure this, they did offer better payment and created enabling working environment to think and act. The lack of these important components will jeopardize the commitment and dedication of the existing professors and made the road to attracting new researchers and scientists rough.

This is phenomenon has been happening in Ethiopia since the early 1970s (since the regime of Dergue). As a result of absence of qualified academic staff, mainly due to low pay, most of the higher education teachers in Ethiopia do not teach research based teaching (because most are unqualified to do such task), do not conduct sound research (they are unqualified and do not have skills and knowledge for the task), and they are not linked to any practical application of what they teach or search if any. They teach text-book written for Europe or America and produce ill-equipped and confused semi-professional graduates. This simply means unless the

Ethiopian higher education system improves its pay system and attracts qualified academicians, the vision to develop the country by using science and technology will become simply unachievable dream. Asked about the matter at Haramaya University, a prominent professor noted:

*"The Ethiopian higher education academic staffs have no collective voice to negotiate about their pay and profession with the employing institution (in our case the government). They are the voice less people. This means there is no genuine and independent teachers association who stands for teachers' right. Ethiopian teachers in most cases are badly treated. They are docile. Full of fear and frustrated. They cannot speak their mind. They have no freedom. They do not stand for their right and profession collectively and bargain. The leaders of the institutions in which they are serving (universities and college), in most cases, are either inexperienced, dictators and autocrats and/ or lacks capacity or willingness to play visionary leadership".*

#### **3.4.3. What is the base of the current pay system?**

The current practice shows that only academic qualification and academic rank is considered to determine pay. In spite of variation in staff performance, staff with the same qualification or the same rank in most cases gets the same pay. Performance has not been considered in the pay determination. Because of that most of the staffs' pay rate is exclusively contingent on their qualification. As most do not do research, they cannot publish. As a result, a lot of staff remaining with the same rank and stagnated practically for many years after attaining certain qualification. The person is subject to get the rank because of the educational qualification. If they do not do research, they cannot be promoted and hence they languish in one academic status for long years. Such cases are so common both at lower and higher levels in Ethiopian higher education. Nepotism and favouritism are becoming the common practice in the recruitment and appointment of faculty.

#### **3.4.4. What determines staff promotion?**

The promotion system for the lower academic ranks (GAI and Assistant Lecturer) is merely based on service years. Whereas promotion to higher level (Lecturer and above) in most cases is based on qualification, service year and publications. The current promotion criterion for higher level ranks in Haramaya University is depicted in Table 3. Most are promoted, by default because they achieved a new qualification and only very few managed to get promoted by doing research and publication. Performance other than publication is not considered. Practically speaking, most of the higher education academic staff are expected to devote much of their working time (about 75%) on teaching and are only required to invest the remaining 25% of their working time on research and community service. Paradoxically, in academic promotion criteria of higher education more weight is given to the non-teaching jobs but undervaluing the teaching component. So the determinants of academic promotion for higher level ranks are inclined to the non-teaching activities for which the staffs does not get time and resources to engage themselves. For instance, in the case of Haramaya University's senate legislation, a faculty can be promoted to a rank of assistant professor with 60% of the total mark is being allotted to non-teaching jobs though a faculty is expected to devote 75% of his /her time on teaching which is given less weight. Therefore, such practices made many staff to stagnate even after getting their terminal degrees. Consequently, such criterion is not valid and dependable for making sound promotion decisions. *So what should be done?* Academic promotion in the Higher education should be revised in such a ways that either more weight should be given to effective teaching or the time allotted for teaching work should be mandatorily redistributed to research and community engagement or there should be a new paradigm shift in the staff promotion criteria that solely depends on the teaching performance. To boost creativity and innovativeness, the higher education system should be restructured to institutionalize a differential pay scheme based solely on merit and performance. In order to meet the national industrial transformation agenda that the nation aspires, the Ethiopian Higher education should focus on research and development, science and technological breakthrough by attracting, maintaining and engaging its qualified, experienced and talented staff.

#### **3.4.5. Professionalism and payment system**

The Ethiopian government has frozen the bi-annual horizontal salary increment of the civil service believing that it can link performance result of employees with the associated reward by implementing result based performance management system in all of its civil service organizations. However, the government did this without establishing the result based performance management system. Regardless, recently researches indicate that organizations differ in their missions and that some organizations are amenable for measuring their results whereas some organization are not easy to measure their results at organizational level (Tesfaye ,2011).. Therefore, it is remote at this time to measure the results of organizations leave alone to measure the results of individual employees that fall within the assessment power of the supervisor or the manager of the organization.

Tesfaye (2011), stated since the freezing of this salary, the government has scaled-up the salary of all civil

servants more than three times to minimize the effect of inflation on the living situation of civil servants. However, not yet proved in research, there is a hypothesis that the information of across the board salary increment exacerbates the inflation in the country. Hence, freezing the two years horizontal increment undermines the motivation of the civil service professional to act and behave professionally. Higher education is a vital place where the value of professional ethics can be nurtured. In principle, it should be an environment where good ethical practices and exemplary performance be in place. But what is the situation and the trend of professionalism in Ethiopia?

There is a general consensus, among public commentators for the erosion of professionalism and professional development in Ethiopia. While many factors could be associated to it, the following are the main factors that undermine professionalism:

- Poor pay and economic dependence - Salary which does not satisfy the basic personal need
- Deteriorating social values and attitudes that undermine teaching profession and advocates instrumental gain.
- Lack of academic freedom and freewheeling of ideas
- Poor performance-reward linkage
- Lack of know-how of professional ethics and love of teaching profession
- Inadequate facilities and work environment
- Poor working environment where discussions, freewheeling of ideas are encouraged and welcomed,
- Lack of respect for teaching profession or pseudo show up for young entrants into universities for personal consumption of further educational opportunities
- Poor and subjective performance measurement criteria not inclined towards innovation and research and teaching
- Benefit packages should be given a due emphasis. Like location benefits, housing, custom free import of autos and other commodities, privilege of patent rights over the scientific discoveries even if it is funded by donations.

#### 4. Conclusions

Faculty members play a pivotal role in the creation and dissemination of knowledge for society, yet the reward structure for university professors still remains clouded in controversy among both academics and popular writers. Are faculty members paid according to their levels of performance or some other set of determinants? If the former is true, which performance dimensions—teaching or research, for instance—are being reinforced with pay in institutions of higher learning? Answers to questions such as these are important because how faculty members allocate personal time and effort is likely to reflect the nature of the compensation system used by their employing universities (Gomez –Mejila, and Builder, 2007).

Academic staff in Higher Education in Ethiopia is one of the least paid when compared with sub-Saharan African countries. The alarmingly increasing exodus of qualified academic staff may justify poor retention practices resulting in unqualified, inexperienced and unskilled staff in the Higher Education in Ethiopia. The lack of these important components will jeopardize the commitment and dedication of the existing professors and made the road to attracting new researchers and scientists' rough. The study also shows that faculty pay is exclusively contingent on qualification without taking into account the performance of the academicians. On the other hand, performance appraisal practices are done only for procedural consumption purpose. There is lack of clear and sufficient policy guideline addressing pay administration that appreciates faculty performance and innovativeness. And the process does not add significant value in supporting strategy execution, administrative and developmental purposes. In addition, there is a general perception there exists poor linkage between performance, pay and promotion in Ethiopian higher education. Poor performance evaluation and management has been practiced. Key performance indicators (KPI) were not well articulated neither are they connected to the mission and goals of the organization. For example, result oriented performance appraisal system is already failed in the public sector. Moreover, there is no public accountability that enforces performance based pay and benefits.

One of the top most values of an academic environment is professionalism. The professional thinking is non-selfish and non-egocentric. A professional takes the lead to sustainable national development on condition that there is a conducive political environment where there is trust and accountability. Teaching as profession is given less emphasis and those in the profession have no strong associations where they can exercise dialogue and pent up their feelings and common agenda as a citizen regardless of their differences in their political views.



## 5. Recommendations and ways forward

Performance evaluation and performance management in higher education is not an easy task as many studies evidenced. It was not feasible to suggest in this study also obtaining independent measures of teaching performance for each individual. Moreover, key performance indicators should be somehow connected or correlated to the very mission of the higher education (teaching, research and community service). The weights should be rationed based on the time lapsed on these three jobs and as indicated in the contractual agreements and job descriptions. Once the criterion is set, the employee need to know them clearly.

Pay in the higher education should be tied up and contingent on teaching performance. It must be equitable (externally and internally) to be able to attract and retain talent from the labor market. The staff development plan should be backed by the staff retention and promotion plan in the sector- otherwise the higher education sector in Ethiopia will be endangered by losing the brain to the nearby African and world universities. Loss of human resource is a fatal to the nation! Pay based on differential piece rate for professors based on their performance should be in place. Universities should get the privilege and discretion to negotiation to hire professors with extraordinary skills and knowledge at a relatively higher pay than ordinary professors. They should be empowered enough to negotiation on how much to pay for the best mind they think is pertinent for the realization of their projects, missions, and businesses

Performance management system in higher education should be systematized and should not be made on piecemeal basis, rather should be objective- 360 degree appraisal should be employed, the consequence of performance should be rightly managed( be it poor or good), performance appraisal criterion should be valid, somehow measurable in absolute terms, the criterion should be drawn from the mission of the university as it has a role of integrating bottom line performance with strategy execution, it should be an educative mechanism to boost the performance of the faculty. As such the Ministry of Education and others concerned should create after taking into account the context of higher education, should design a national key performance indicator for the higher education sector and design a periodic pay adjustment based on performance results. The horizontal pay increase need to be initiated as it has strong psychological impact on the performance of the teaching professionals. At least it should convey the fact that performance is recognized and awarded. In addition, pay and benefits recommendations should consider geographic location and be consistent among higher education.

It is undeniable fact that universities should play the expected role of nurturing professionalism in architecting the path towards industrial development and innovation. Apart from pay matters, the university should play a crucial role in promoting professional integrity and ethical practices among its faculty members. Faculty recruiting and selection system should be based on rigorous scientific approach. By default, the Ministry of Education waived the universities' discretion to recruit and select their own graduate assistant which practically resulted in the supply of some faculty members with no real interest in the teaching profession but have shown pseudo interest for the sake of reaping the staff development benefits of academic intuitions. This increased the attrition rate of faculty especially after taking their second and terminal degrees.

When it comes to pay and performance and keeping the public sector in general and higher Education in Particular meritocracy should be put in place to strengthen the linkage. And the "one-size-fits all" attitude of the public sector and the subsequent rigidity should be ensured. This has partly resulted from the poor link of the public sector with the external environment and market making it difficult to make adjustment based on the changes in the external environment.

## 6. Further research implications

One limitation of this research is the fact that it did not capture data on issues on the job related situation and feelings of professionals of higher education in Ethiopia. So, comprehensive studies on same topic could be made using survey design on large scale. Other similar studies can be conducted in the form of comparative analysis, especially with pay and performance measurement of higher educations in developing nations and developmental states. Moreover, the study can be conducted using both primary and secondary sources to come up with first-hand information on the relationship between pay and performance in the context of private Ethiopian Higher learning institutions.

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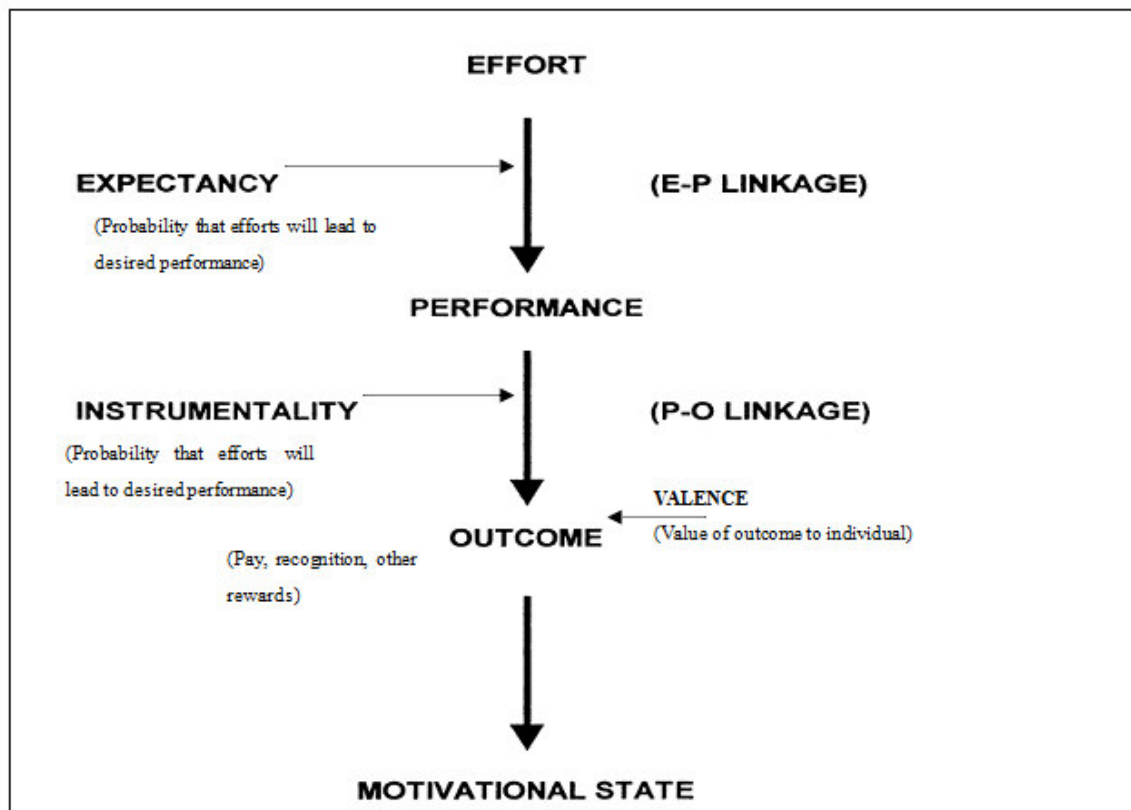
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Figures and Tables:

**Figure 1: Expectancy Theory of Motivation**



Source: Isaac, Zerbe and Pitt (2001).

**Table 1: Staff Performance Appraisal Results of Haramaya University for the year 2011**

Scale( Max of 5)			
	Standard	Frequency	Percentage
Greater than 4.00	Very good	1218	85.41%
3.00 up to 4.00	Satisfactory	185	12.97%
less than 3.00	Below Standard	23	1.61%
	Total	1426	100.00%

Source: Summarized and computed from Haramaya University Staff Evaluation Summary (office of Academic Vice President)

**Table 2: Ethiopian Higher Education Academic Staffs' salary scale /Tir 2003 E.C/**

Rank	Academic Position	Initial salary (ETB)	Scale									Ceiling salary
			1	2	3	4	5	6	7	8	9	
1	Graduate Assistant I	2250										
2	Graduate Assistant II	2685										
3	Assistant Lecturer	3820	3973	4128	4286	4445	4605	4766	4933	5101	5269	5443
4	Lecturer	4605	4766	4933	5101	5269	5443	5623	5802	5982	6162	6347
5	Assistant Professor	5443	5623	5803	5982	6162	6347	6537	6727	6922	7123	7329
6	Associate Professor	6347	6537	6727	6922	7123	7329	7534	7745	7962	8185	8406
7	Professor	7329	7534	7745	7962	8185	8406	8633	8866	9105	9351	9604

Source: Federal Democratic Republic Of Ethiopia (EFDRE), Ministry Of Civil Service/2003

**Table 3 Criteria for Promotion to the Ranks of Asst Professor and above**

Criteria	Score(Assistant Professor)	Score (Associate Professor and Professor)
A. Effective teaching	40 Points	35 Points
B. Publication	35 Points	40 Points
C. Participation in University Affairs	15 Points	15 Points
D. Community Service	10 Points	10 Points

Source: Haramaya University Academic Staff Promotion and Appointment Criteria, 2003).

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