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# The Corporatization of American Higher Education: Merit Pay Trumps Academic Freedom Or, More Discretionary Power for Administrators over Faculty: You're Kidding Me, Right?

By Robert P. Engvall

I decided to include the irreverent alternative title to this essay because, when I was first presented by our faculty union with the proposal for increased reliance on merit pay for pay raises, my initial response remains my most persistent thought on the subject: "You're kidding me, right?" I have discovered that neither my administration nor my union leaders were kidding, yet the joke remains on me and the rest of my colleagues who are now subjected to the wonders of the grand idea and the realities of the perverse execution of the concept of merit pay in the university.

A great cynical mind once said that representative democracy was an outstanding idea, and the most pure form of government for and by the people—and that the United States should try it sometime. It seemed fitting that, when we met in our nation’s capital to discuss the state of higher education, I began with an equally cynical take on the concept of merit pay. Like the above statement concerning our less-than-pure democracy, the concept of merit pay is an absolutely grand idea, but unfortunately the way in which we’ve practiced it has, I will argue, been anything but pure.

Let me begin with three significant disclaimers:

*One.* Some people oppose merit pay because they aren’t that good at what they do. To a degree, I agree with that premise, and I would be happy to address that issue—but not in this essay. Instead, I intend to focus on something larger: my perception that opposing merit pay in the university setting is absolutely vital to protecting the essence and quality of that setting. It’s vital unless we’re willing to allow ourselves and our fellow faculty members to become “speechless” when the freedom of our speech is key to the important role of the “true professor.”

*Two.* As Robert O’Neil has written and expressed better than I ever could, there is an elusive line that must be drawn between protected and unprotected expression. It is not my position that professors are free to say anything, anytime, about anyone; that would be absurd—and probably dangerous. Of course there are lines that must be drawn—lines that, I believe, include intellectual integrity and intellectual honesty. (As an aside, a few years ago, I was privileged to speak at a conference at which O’Neil was present. The conference was held a year or so after 9/11 and focused on free speech in the academy in a time when many leaders in government and other groups were suggesting that caution needed to be exercised, especially when it came to criticizing the policies of then-President George W. Bush. The conference was interesting and valuable, and began to address the difficulties of free speech in the academic setting. At that time, it didn’t occur to me that I’d ever be connecting the ideas inherent in freedom of speech with pay systems at the university...but here I am.)

*Three.* Finally, as with most of my best ideas, I harbor no illusions that these are actually “my” ideas. Many worthy thinkers have considered the implications of merit pay on university faculty. My particular interest in the subject arose, as many of my interests arose, from my selfish nature, which rose to the top when my faculty union began to acquiesce to the administration’s “demands” for the implementation of merit pay in lieu of the “evils” of “automatic” pay raises. That selfishness aside, however, what interested me most about merit pay in higher education was the seeming incompatibility of the notion of academic freedom on the one hand, with the concept of administrative fiat when it came to raises on the other. While, to me, the utter impossibility of the implementation of such a system without compromising the way in which professors did what they did seemed inherently obvious, to others the connection between merit pay and academic silencing was less apparent.

My purpose in this essay is to suggest that the connection between the two is not only inherent, but may actually be (for higher education administrators) a significant side benefit of the institution of merit pay. Why would administrators not seek more “control” over what faculty members produce, what they find acceptable, and what they might encourage? I fully understand why they would, and if I were one of them, I’d be preaching about the virtues of merit pay myself. But, alas, I am a faculty member and in that role, I believe it is incumbent upon me and those who share my concerns to at least mention the potential disadvantages of merit pay. It’s not really all about me, or my colleagues, as it is my sincere belief that the atmosphere and environment on college campuses that we all hold so dear, at least rhetorically, is threatened by greater dependence on merit pay. Let me oversimplify this immediately, as a way of taking off with this debate: “If my raise is dependent upon what my president or dean or some other panel of similarly situated individuals finds valuable, isn’t it likely that I will begin to shape my research, teaching, and service in ways that will please them, rather than in ways I believe will advance my profession?”

With this as my backdrop, let me begin a discussion of the “corporatization of higher education” with a specific focus on the rather corporate notion of merit pay. While many of us

wish that colleges and universities were insulated from the many inequities and challenges to integrity that businesses experience, the reality for all of us is, as Hodge (2003) suggested, “The private sector dictates changes in education” (p. 69). People with different political persuasions place differing levels of faith in the private sector to make good and sound business decisions. Some trust the private sector to regulate itself, and suggest that the free market will allow for quasi-regulation even without more formal legislation. Others, especially recently, suggest that without regulation, the level of corruption, short-term thinking, and greed will overwhelm other more appropriate market forces. Numerous corporations in recent times, from Enron to WorldCom and others, have shown that trusting corporate leaders to do the right thing as they seek profits may be misguided.

The idea of trusting those in power to do what is “right” is central to the notion of merit pay. It would seem that our distrust of those in power to act appropriately would defeat proposals that would give administrators even more power over faculty, but at least with regard to merit pay, that seems not to be the case. This essay doesn’t seek to change anyone’s mind; the issue is simply too important to do justice in this space. Still, in the interests of doing justice, we should examine more carefully what is really at stake when merit pay proposals creep into university pay plans. If administrators are granted more freedom and discretion, must professors give up some of theirs?

Heneman (1992) examined merit pay, distinguishing it from other forms of incentive pay. He wrote, “Merit pay is allocated on the basis of subjective ratings of employee performance rather than on the basis of more countable indicators of performance...” (p. 12). It is this subjectivity that is my greatest concern, and the primary reason that the concept of merit pay in the university is worthy of our careful consideration, and at this point, our open and expressed cynicism.

Merit pay, or “pay for performance,” seems like an extremely worthwhile way to reward those who perform at a high level. What’s not to like? As many before me have said more eloquently, perhaps foremost among them Susan Moore Johnson (who more than two decades

ago, in response to President Reagan's call for merit pay, recognized the peril associated with opposition to such a popular concept), "to oppose merit pay was to resist reform and perpetuate mediocrity" (Johnson, 1984, p. 7). Those who do more and better work will be rewarded at a higher level than those who do less and inferior work. You know, like the way in which the market allows movie stars and baseball players to make more in a month than many working people make in a lifetime; or perhaps the way in which a CEO can make a hundred times more money than the typical line worker. It's all so simple really; you make what you're worth, everyone knows that. Paris Hilton (who makes a lot of money) knows that.

It all sounds so simple—but like so many simple things, a careful examination reveals some altogether different and more complicated truths. The first difficulty with using market standards in academia is that we "produce" educated individuals and articles and books, not widgets that can be counted and easily valued. Is my book better than yours? I guess we could see who sells more, but by that standard, books "written" by most pro athletes and even former Presidential dogs are more worthy than nearly any treatise written by an academic. Perhaps if I "produce" more students who pay more tuition to the university than you do, I am "worth" more. As a professor in a relatively "hot" field, I'm comfortable with that; are you philosophy professors okay with it? Maybe we should measure the jobs our graduates get; those who make the most money will be the "best" and therefore, those who have "produced" them deserve more. I trust that the business and engineering departments might feel better about that than the social work or education departments might. Maybe clear measurements are too difficult. Maybe, to use Justice Stewart's definition of pornography as a guide, we just know good scholarship when we see it. Using that standard, those in charge of merit pay can award it based on their gut feelings. I see no reason to worry. What could possibly go wrong in such a system? It's all so simple.

In the United States, we hold some truths to be self-evident—truths like justice, equality under the law, and other grand notions that are sometimes difficult to realize in practice. If merit pay actually rewarded those who were meritorious, there would be little to discuss. It

would be, in itself, a self-evident truth. Sadly, it has been my experience that trusting administrators to administer a merit pay system without bias, prejudice, misjudgment, and other unfortunate outcomes, is akin to trusting the fox to watch the henhouse: Sometimes all will be well, but when things go badly, not only do feathers get ruffled, but the hens may get eaten.

The AAUP's own president, Cary Nelson, perhaps put it best: "Merit-based pay is one of the most contested issues in the academy." Nelson and his colleague Stephen Watt wrote those words in their important book, *Academic Keywords*. Nelson and Watt provided the key for administrators who seek merit-based systems "because it enables them to reward 'excellence,' performance, and achievement but also because it provides more discretion and control in awarding money overall" (p. 166). Nelson and Watt also nailed the essence of this presentation long before I began contemplating it, with these words: "Merit pay underwrites the whole system of disciplinary pay disparities and makes it easier to reward administrators and punish dissidents when salary decisions are made" (p. 166).

I'm completely comfortable with merit pay as long as I have complete faith in the person doing the rewarding. I have complete faith in fewer than a dozen people, and one of them is my wife. The president of my university, as well as lesser administrators who are now in charge of the merit pay system, I trust less. Here's hoping those who might decide whether you deserve merit pay are near the top of your trust hierarchy. If those who reward you are trustworthy, independent, smart, fair-minded, and unbiased, then you should have no problem with merit pay. But, because few people believe that with complete confidence, the rest of us should be afraid—very, very afraid.

All of us presumably share an interest in, if not a genuine affection for, the enterprise of higher education. That enterprise is about seeking truth—perhaps not the ultimate truth that philosophers seek, but our own "lesser" truths that result from our own research projects and teaching initiatives. Sometimes, just as we learned at a young age, the truth does hurt. Telling someone the truth about their beliefs or ideas can seem cruel. We would live and work in a

much friendlier place if academia consisted of the same largely superficial relationships that allow us to accept the store clerk's wish to "have a nice day," and offer him an equally sincere "you too" upon taking our receipt and moving on. Perhaps we should greet ideas that we believe to be bad or wrong with a simple, "That's nice," rather than a somewhat deeper, "Are you sure you want to do that?" All of our students would be "A" students; all of our ideas would be brilliant; and all of us would be worthy of merit. It's all so simple—and it's all so very wrong.

In academia, we have been trained to search for truth and to question everything, rather than merely accept what we've been told. Questioning decisions made by administrators with regard to university policy and procedures is vital to a truly functional college or university. Challenging the wisdom of proposed initiatives is the best way to make collective decisions that further the interests of the entire university community. But, it would no doubt be easier just to say, "Great idea, Mr. or Ms. President." "You're doing a heckuva job, Brownie!" Let's all congratulate ourselves and get some rest.

Some people can live like that. This essay is proof that I cannot. I've lived through some fascinating campus events in which personalities and their flaws have overshadowed genuine, academic-minded decision-making. I've seen a dean hire a professor with whom he was having an affair, a fact that seemingly slipped his mind when he suggested that he only vaguely knew her but was duly impressed with her scholarship, and wholeheartedly endorsed her hire. I've seen a university president who hired his underqualified son for a position at the university and defended that decision right up until the son's arrest a few months later. I've heard a chairman of the board of trustees use the "N" word as well as other racial and ethnic slurs in conversation, and was only recently made to pay for those sins. But I digress—or maybe not.

I share these stories because high-level administrators have the power to grant merit pay to those they deem worthy. I don't trust any of them, not because I am "holier than thou" but because I believe that giving great discretion to individuals to reward those whom they deem meritorious can often lead to tremendous injustice. At the university, we're supposed to be

fighting for “justice,” whatever that means, not standing by and remaining complicit as we watch injustice meted out, giving more power and more discretion to few at the expense of many. We deify the individual at the expense of everything around him.

Merit pay is about celebrating the individual, so I guess I shouldn’t be so cynical. I wouldn’t be, if it weren’t also about destroying everything around the individual. I should also note that merely because I don’t trust some of the people with power at my university doesn’t mean I don’t believe they can do a fine job of running the university or providing service in other valuable ways. It simply means that I don’t believe they’re above the petty and personal, or that they’re devoid of the all-too-human quality of letting their emotions endanger their better judgment. Like all of us, some of their decisions are wise and just, and others less so. However, most of those judgments, whether good or bad, don’t have an immediate and direct impact on faculty members and how they teach, study, or serve. Merit pay changes all of that, and brings the potential for all that isn’t so grand about human nature to pervade all that is so grand about academia.

Even if some aspects of performance can be measured, there is a risk that relying on them will skew staff effort. For most work, like research and teaching, there are many variables at play; some are very hard to pin down. Merit pay at my university is a way for administrators to reward “good work” without getting overly specific about what “good work” is. All of this wouldn’t be a problem, of course, if management weren’t “lying weasels” (Harford, 2009, p. 96).

Harford describes pay for performance in terms of a tournament. Because there is a limited pool of resources, some workers will get a bonus and some won’t. The bonuses will be based upon your work relative to that of your colleagues. “The better you look relative to your colleagues, the less they will get and [the] more you will get” (p. 97). Workplace “tournaments” can make work a miserable experience, for once people start receiving bonuses for outperforming their peers, they will continue to seek those bonuses, either by doing a great job or by making sure their colleagues do a bad one.



One of the creators of tournament theory, the economist Ed Lazear, commented in 1998 that “The salary of the vice president acts not so much as motivation for the vice president as it does as motivation for the assistant vice presidents” (p.226). Harford concludes, “So there you have it. Economists don’t even pretend that your boss deserves his salary. Suddenly, everything is clear” (p. 99).

In his book *Personnel Economics for Managers*, Lazear explains tournament theory, which postulates that the size of the raise associated with any given promotion affects the workers below that level. Incentive-based pay, in theory, suggests that when a worker’s status can be enhanced by additional effort, the worker has an incentive to work harder. The assumption is that the worker only works as hard as he or she is incentivized to work. In academia, there is a pervasive notion that those engaged in academia aren’t in it for the money, but view their worth through the lens of other, less tangible considerations. If faculty are forced to chase the money, then surely our human nature will eventually win out—we’ll forego those intangible things that “get us nowhere,” like spending time with students and writing numerous reference letters, in favor of doing more of what our bosses will notice.

Edward Lawler wrote in 1990 of creating a “performance-oriented culture” within the organization (p.94). Like other corporate initiatives in recent years that have lessened the influence of unions and other collectives in order to achieve a more “flexible workforce,” the idea of pay for performance is little understood by the general public, who often support the notion as one that certainly sounds reasonable. Indeed, it does sound reasonable—until we consider what professors really do.

“Merit pay is sometimes called ‘pay for performance,’ although that would not be an accurate description at most organizations, where job outputs have not been made clear or explicit. True pay for performance, which rewards genuine productivity, is not possible unless job outputs are known and measurable” (Dubois & Rothwell, pp. 166-7). The work that professors do and the outputs they produce are far from known and measurable, but that doesn’t make those outputs any less valuable.

One of those outputs is an input into college this fall: my oldest son. As I send him off to college I, like so many of my students' parents (whom I've really not considered a great deal until now), am hopeful that he'll come across and be influenced by great thinkers, great writers, great men and women who do great things. I am hopeful that he'll have time to visit with professors in their offices and seek their help when he has a problem. I am hopeful that he'll find one or two or more who will ultimately write him great reference letters and maybe, just maybe, help him find an internship that might lead him on a positive career path. I don't know how I'll measure their influence, but I hope that they value him, and that they value their university, and that they work collectively to ensure that their students have every chance at success. I hope that their morale is high (or at least not so low as to impact their work product). I hope that they give of their time outside of the classroom and that they seem to care about their students—one of whom will be my son.

I remember my most influential professor; I can't imagine that he spent too much time worrying about whether or not he was more meritorious than his colleagues. I think he would've been offended if he had been asked the question. Times were different then: Faculty members were respected more, we could leave our doors unlocked more often, and even the music was better. Like each generation before mine, I've given up hope that my son will recognize that my generation's music is better than his; but I can't give up hope that faculty members will regain the respect they so richly deserve. Fighting the good fight against the concept of merit pay within academia will help to rebuild that image. Acquiescing will make education another corporate endeavor, subject to great salary inequities, great ethical lapses, and even perhaps great bailouts. Merit pay will only further tarnish those of us who work in and love the concept of higher education.

Don't take my word for it: Truly examine the notion of merit pay within academia to see how it prioritizes the individual at the expense of the community. Academia is not like corporate America. Rather than lamenting that, we should embrace those differences, realizing that the education of people is an entirely different endeavor than the creation of other, more

measurable “products.” The notion of merit pay makes some sense for some organizations, but not for academic organizations. My job is to question things and to get my students to question more things. If I accept things without question, I’m not very good at my job. Those who are best at getting their students to question everything may be doing their jobs extremely well, but may be last in line for merit pay. After all, what boss is going to reward those who question decisions?

Ironically, perhaps, I teach justice studies. I confronted my dean who improperly hired the woman he was sleeping with; I confronted my president very publicly when it became clear that he improperly hired his son for a position that should have gone to a more qualified person. I’m not trying to be “holier than thou” —just holier than them. If that makes me unlikely to receive merit pay, then it demonstrates why merit pay in academia is antithetical to the honored notion of academic freedom and intellectual inquiry. I can’t change the crappy music my son listens to, and I don’t even try, but we don’t have to accept policies that diminish the prestige and meaning of being a university professor.

Blurring the lines between the corporate world and academia is a natural result of the influx of businesspeople into university administrations. Using corporate management styles (which have achieved varying levels of success ranging from great profitability to bankruptcy) has changed the way the university “does business.” Accordingly, we have witnessed the demise of the community of divergent and diverse scholars, in favor of a more efficient and less “familial” endeavor. Malcolm Gladwell’s bestselling *Outliers* offered the following quote from “outlier” Chris Langan:

Harvard is basically a glorified corporation, operating with a profit incentive. That’s what makes it tick. It has an endowment in the billions of dollars. The people running it are not necessarily searching for truth and knowledge. They want to be big shots, and when you accept a paycheck from these people, it is going to come down to what you want to do and what you feel is right versus what

the man says you can do to receive another paycheck. When you're out there, they got a thumb right on you. They are out to make sure you don't step out of line (p. 96).

Gladwell largely dismisses Langan's comments for, as Gladwell points out, "One of the main reasons college professors accept a lower paycheck than they could get in private industry is that university life gives them the freedom to what they want to do and what they feel is right" (p. 97). Despite that truth, I don't think Langan's and Gladwell's beliefs are mutually exclusive: I think it's possible they both may be right. Perhaps Langan is too hard on Harvard; I don't know whether that institution uses merit pay. Still, human nature and common sense suggest to us that administrators don't want us to "step out of line." Obviously, it's critical that line workers in the factory not step out of line, but in academia, it is absolutely critical that faculty have the freedom to step out of line. We need to encourage our students to create their own lines (within reason, of course). The overused phrase, "Think outside the box" comes to mind when we think of the most basic purposes of higher education. Most important, administrators at universities, who presumably also are engaged in higher education because money isn't the primary focus of their working lives, should embrace the questions that necessarily arise in a university setting. If they conduct themselves with integrity and honesty, what do they have to fear?

My students rate me at the end of the semester on evaluation forms. Some of them may even talk about me behind my back, or anonymously on various websites; it's part of the enterprise. I accept it; in fact, I think they should talk about me, as they should talk about all of their professors, and examine those things that professors impart to them. The truth will set me (and all of us) free. We need not worry about what people might say—universities are the ultimate marketplace of ideas, where good ideas rise to the top and poor ones fade away (at least most of the time).

I don't teach at a university with the prestige (or endowment) of Harvard. I also don't suggest that Christopher Langan speaks for the masses, yet his "outlier" status may allow him a

unique perspective concerning higher education. If Harvard is accused (even by an outsider) of searching less for truth than for profit, administrative power, and prestige, then those of us at lesser schools cannot be surprised when our administrators also seek to increase the corporate nature of our enterprises. Where I teach, most of our administrators don't have academic backgrounds, but have come from various government and business enterprises; they're quite determined to increase the "efficiency" of the organization. As long as our search for the truth is "efficient" and "cost-effective," we shall enjoy their undying support; should our search become more costly and our results less tangible, well...we shall see.

Merit pay seems like a good way to ensure that fewer people "step out of line." Some may see these two concepts as unrelated. Quite to the contrary, ensuring that workers don't step out of line can be effectively advanced through the increased use of merit pay. In sum, how does merit pay relate to academic freedom and the search for truth within the university setting? It is no less significant than the role of tenure in allowing professors to teach and encourage their students to think critically, even if the truth sometimes hurts. Few would deny that, at a university that abandoned tenure, professors would be at great risk for speaking their minds and criticizing their administrations. Merit pay does very much the same thing. If we value our freedoms, then we should recognize the critical value of tenure; if the "corporation" can't figure out a way to rid itself of the "inflexible workforce" that tenure creates, the imposition of merit pay can be one step toward making that tenure ever less meaningful.

Merit pay brings accountability, and all of us believe in the concept of holding people accountable for their actions and their work. As long as the debate is about accountability—a concept impossible to oppose—the debate will necessarily be lost. Some also believe that merit pay makes people work harder. If we accept that we should and could be working harder, the correlation between increased usage of merit pay and lower morale is, it seems to me, nearly inevitable. I hope that we will expand the parameters of the debate and consider not only the concept of accountability but its implementation, for that is where the rubber meets the road; and that is where many of our best professors may be in danger of being run over.

## Note

A version of this essay was first presented in June 2009 at the Annual Conference of the Association of American University Professors in Washington, D.C.

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