Analysis of the China’s High-level University Construction on Compensation System Reformation-Based on the Compensation System of Foreign Universities

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Abstract. Teachers are the subject of education. As a significant part of universities’ evaluation mechanism, the level of university teachers’ income has obviously transcended their personal benefits, and directly influences the whole administration of universities’ management. Accordingly, establishing a scientific and effective universities’ compensation management system plays a core role in determining the compensation incentive effects of teachers in teaching and research universities, as well as in affecting the quality of university teachers’ construction. Through several reforms of Chinese university teachers’ compensation system, the income level of teachers has been improved and the income structure has tended to be reasonable. Yet, during the procedure of constructing China’s high level university, the problems existed in the distribution system of universities’ compensation incentives and evaluation mechanism like performance assessment still remain and are needed to be improved. This article will try to propose some methods and suggestions on compensation system in Chinese university using the view of improving compensation incentive impacts, by combining the experience of foreign universities’ compensation management pattern.

Introduction

Joseph J. Martocchio defined the concept of compensation in his 2014 works - Strategic Compensation: A Human Resource Management Approach as “both the intrinsic and extrinsic rewards employees receive for performing their jobs” (Martocchio, 2014: 21). Intrinsic compensation represents employees’ psychological acknowledgement (e.g. make decision, take responsibility and job attractiveness) that gained from performing their work (Martocchio, 2014: 21). Extrinsic compensation contains both monetary and nonmonetary rewards, such as hourly wage, annual salary and paid time off (Martocchio, 2014: 21). The compensation of university teachers mainly includes intrinsic and extrinsic forms. Intrinsic compensation includes direct payment by the monetary way like salary, course remuneration and other rewards. By contrast, extrinsic compensation reflects nonmonetary ways which providing to university teachers, such as cultural atmosphere, work environment, job development opportunities, academic platform, social status and other psychological gains. As it was put by John Adam’s 1963 “equity theory” study (cited in Xu, 2014: 52) that, employees are sensitive to the fairness and reasonableness of compensation distribution, which refers to the consistency and equity of internal compensation and eternal compensation’s competitiveness. Income distribution stands for the “key link” of social equity, and plays an important role in mobilizing social initiative and creativity. As a result, an equitable and rational system of income distribution is inevitably required for maintaining social justice and enhancing social harmony. To promote the development of China’s compensation system, it is necessary need for ensuring the fairness of income distribution system. This article will analyze the China’s high-level university construction on compensation system reformation on the basis of foreign universities’ compensation system. The main argument for this article is that the aim of university compensation system reform during the period of China’s high-level university construction is to redesign the compensation system which can reflect the difference of compensation resulted from different job objectives and contents. Meanwhile, via compensation goals to evaluate the rationality of university teachers’ jobs and the equity of teachers’ income. Thus,
this article will be divided into three parts. In the first part, it will explore the current situation of Chinese university teachers’ compensation. Following by showing the existing circumstance of foreign universities’ compensation management. Ultimately, the suggestions including establish scientific and practicable performance assessment, raise the level of basic salary and reduce the proportion of merit pay in wages to strengthen the competitiveness and found entire compensation incentive mechanism that aim at achieving effective incentives of university teachers’ compensation will be discussed.

The Current Situation of China’s University Teachers’ Compensation

On April, 3rd, 2012, The New York Times published D.D. Guttenplan’s work - How much a professor worth?, this paper cited the research results concerning academic wages, contracts and welfare in publicly funded universities in 28 nations that did by Philip Altbach’s and his colleagues’ work - Paying the Passionate, published in 2012 (Guttenplan: 2012). According to the teachers’ purchasing power list, the average monthly wages of teachers in Canada’s publicly funded universities is the highest, following by Italy, South Africa and America, these countries have all exceeded over 6000 dollars. Whereas, China performed the third-worst, which was merely higher than Russia and Armenia (Guttenplan: 2012). Moreover, it was also stated by Philip Altbach that the average monthly salary of teachers in Canada’s publicly funded universities has reached 7196 dollars, and the entry-level monthly salary was 5733 dollars, in contrast with China’s 720 dollars and 259 dollars (Guttenplan: 2012). These figures showed that not merely there is a huge gap between China and western developed countries, but even China falls behind India which shows the lower level of economic development. Meanwhile, this indicates that there is no excuse to delay the improvement of Chinese university teacher’s wage.

Furthermore, most of Chinese universities are public colleges, belonging to the public institutions which are fully funded by Chinese government. The salary of teacher comprises both basic wage provided by Chinese government and campus allowance. The standard of National fundamental salary is set by the Ministry of Human Resources and Social Security of China (Xu, 2014: 53). And, the national salary is determined by position, period of duty, working-age and educational background (Xu, 2014: 53). By contrast, the campus allowance is on the basis of position and professional title. Also, the distribution scheme is independently made by universities’ own financial resources and educational goals (Xu, 2014: 53). Since 2006, Chinese public institutions have implemented reform of salary system. Chinese universities have gradually carried out the performance pay system as well (Li and Zhou, 2011: 31). The compensation system of Chinese university is composed of post wage, pay scale salary, performance pay and subsidies. Performance pay, regarded as the flexible part of university teachers’ wages, which is also the main income of university staff, independently allocated by universities. This is crucial to mobilize the initiative and creativity from different kinds of universities’ talents, as well as enhance the core competence of universities.

However, the current prominent problems like the irrational structure of compensation, lack of incentives in distribution system and insufficient market competitiveness of position performance mechanism existing in universities’ compensation system still remain (Li and Zhou, 2011: 31). The reasons resulting in these issues should be attributed to two main aspects. On the one hand, the performance assessment is not only impractical but also difficult to be implemented. Despite the fact that the objective of universities’ performance assessment it to evaluate the teachers’ professional skills, job responsibilities, competent situation, work performance, it cannot play a role in comprehensively assessing the teachers. Since the assessors are lack of deep observation and know to the teachers evaluated. It is easy for the evaluators to conduct the assessment in accordance with their own feeling, impression and individual relationship, particularly under the constraint of interpersonal relationship, the performance assessment has become the simple score statistics or the other form of representation- distinction and credit. This lead to unreality and ineffectiveness because of external factors. Also, the result of performance evaluation is not closely connected with
factors such as appointment or dismissal of cadres, supporting facilities and year-end award. Consequently, as it was argued by Xu (2014: 53), the performance assessment cannot provide incentives to university teachers, even cause the possibility for the teachers to lose job enthusiasms. On the other hand, the overall level of teachers’ compensation is low. Yet, as Li and Zhou (2011: 32) stated that with the rising price of commodities, and in recent years, different kinds of reasons lead to the short of financial resources for universities. As a consequence, universities cannot maintain the rising level of income and even cannot increase teachers’ salaries depending on more funds. Compared with regional civil servants and other public institutions, the level of university teachers’ compensation cannot gain a dominant position. The relatively low standard of compensation will generate the lower job enthusiasm and initiatives for university teachers, as well as the feeling of disappointment to their profession. More seriously, this will bring about the outflow of those talents with high education and qualification or large portion of teachers will devote to revenue producing industries instead of paying more attention to their teaching tasks, which results in utilitarian tendency of teachers’ behaviors.

The Existing Circumstance of Foreign Universities’ Compensation Management

The Compensation System of American University Teachers

The United States Government did not enact any unified standard of university teacher’s wage. Meanwhile, the salary system between private and public academies is also different. The actual standard of wage is confirmed by different regions, university financial resources and teachers’ work performance (Liu et al, 2004: 86). Every university has regulated varieties of teachers’ maximum and minimum salaries amount. The main basis to determine the practical level of salary is teachers’ position, academic degree, teaching standard, the quantity and quality of academic achievement and post tenue. Moreover, the university teacher’s wage will be adjusted and increasing along with position promotion and rising prices. This part of university teachers’ salaries is called automatic increasing pay (Liu et al, 2004: 86). By contrast, with regard to those teachers having achieved excellent success, universities will increase their salaries as well. And, this portion of wages is named incentive pay (Liu et al, 2004: 86). As it was claimed by Xia et al (2011: 93) that, the marketization degree of American university teacher’s salary is comparatively high and the compensation system is relatively mature. The market mechanism plays a decisive role in the level of teacher’s salary. Large numbers of American universities can independently set the price according to market condition and teachers’ performance. Thus, there exists difference among teachers from various universities and different disciplines. Liu and Yan (2013: 32) argued that this reflects the equity of income distribution in social wealth.

The Compensation System of Japanese University Teachers

The social status of Japanese teachers is generally high. As it was described by Liu and Yan (2013: 32) that the salary of teacher is composed of basic wage, allowance and bonus. The basic wage is generally confirmed by two steps. The first is via teaching experience and the level of education background to determine the professional title. Then, make sure the grades based on seniority. The allowance is consist of position, family support housing, transportation, overtime work, part-time postgraduate teaching and special work. The basic wage of Japanese university teachers is generally confirmed by qualification and the promotion mainly depends upon seniority. When teachers owing higher professional title, their salaries will merely increase symbolically. As it was also put by Xu (2014: 53), this embodies more on the spiritual satisfaction of teachers’ reputation and social status.

The Compensation System of Indian University Teachers

Indian university teachers belong to government’s civil servants. Liu and Yan (2013: 32) showed that Indian civil servants can be divided into four groups: A, B, C and D. Among them, the basic salary of Group A is the highest and the wage of university teacher is included in Group A, belonging to the upper-middle-income class of Indian society. The wage of university teacher
contains basic salary and varieties of subsidies. Similarly, the amount of salary is also depend on position and increase by length of service. It guarantees the stabilization of teachers’ basic livings. Furthermore, the Indian government has formulated unified standard of wage and different subsidies. And, the Indian universities complied with law. As a consequence, there did not exist any event concerning wage randomly distributed. As it was also argued by Liu and Yan (2013: 32) that although Indian is a developing country, with undeveloped economy, the compensation of university teacher is relatively high and it embodies the respect to education from the state.

The Advices Aim at Achieving Effective Incentives of University Teachers’ Compensation

The compensation system must serve the target of universities’ development and reflects the individual difference between disciplines and teachers. Also, it should not only satisfy the teachers’ lives but also conduct the evaluation of teacher’s performance by means of impartial and operable procedure to embody incentive. Nonetheless, because of limited national and local finance resources, it is difficult for Chinese universities’ compensation system to closely connect with the level of foreign universities’ compensation system and the market, relying on government finance to substantially increase the salaries of university teachers. Therefore, it is necessary for us to deeply think that how to utilize the limited paying capacity to establish a scientific, reasonable and practicable mode of compensation incentives, in accordance with competitive incentive mechanism of internal education with the objective of motivating the university teacher’s positivity and creativity and accordingly enhancing the comprehensive competitiveness of university.

Establish Scientific and Practicable Performance Assessment

From the perspective of performance examination system, as Xu (2014: 54) claimed that university could carry out a thorough system contains personal summary, democratic appraisal, unit’s judgement and result feedback. Meanwhile, the assorting performance evaluation should be conducted which combined with post setting. Specifically, adopting different evaluation criteria according to the post of teaching, teaching and research, and scientific research. For example, with regard to teaching post, the assessment should not merely confined to teaching loads, but conduct different weight and score calculations in conjunct with teaching quality, teaching results and subject construction. Moreover, university should adopt measurable, specific and complex assessment criterion based on teacher’s capacity and research results. Utilizing the combination of qualitative and quantitative analysis to determine objective evaluation assessment. As it was demonstrated by Liang’s and Zheng’s 2011 study – The Policy and Trait Analysis of Merit Pay Assessment of Faculty in The Hong Kong University of Science and Technology (pp. 104-107), the relevant provision of performance assessment must be transparent, the content should be specific and detailed to be inquired on the internet. At the same time, the Chinese universities should not evaluate the complex teacher’s performance utilizing simple quantitative approach. The quantity examination is easy. Yet, the quality assessment should rely on experts instead of administrative affairs manager. This can avoid the harmfulness of university’s academic study and prestige. Meanwhile, establish certain mechanism like appeal, avoidance system to ensure the fairness and justice of performance assessment, and confidential system that regulates reviewers and handlers cannot reveal any message, also the university presidents and deans must not intervene the performance evaluation or exert influence on reviewers to make sure the experts can equitably make the judgment. For the research post, universities should comprehensively consider the research achievement categories like publications, studies program, awards and the disciplinary difference, also assess the merits of performance according to the quality and weight of scientific research workload that determined by different scientific research projects and their grades (Xu:2014: 54). The requirement of performance assessment on teaching and research post should increase progressively along with the rising level of teacher’s post, as well as the higher for teaching and research goals. Correspondingly, the gap of performance’s level should be greater, and thus the motivation of performance targets could be reflected. Besides, the performance appraisal results should be publicly in order to promote the improvement the behaviors and capacities of teachers. In
the performance assessment system, the most significant is attaching great importance on assessment results that directly linked with compensation, promotion, professional title and bonus, only this can bring the target of performance evaluation into effect and really stimulates the enthusiasm of teachers’ work.

Increase the Level of Basic Wage and Reduce the Proportion of Performance Pay in Salaries

Looking throughout most of developed countries, the university teacher not only having respected social status, but also the income that more than civil servant. In china, under the Chinese Teachers’ Act 25 provision, the average salary of teachers should not lower or higher than the average of civil servants and to increase gradually (Liu and Yan, 2013: 30). As it was also claimed by Liu and Yan (2013: 28), university teachers, as the group of high level knowledge in society, should be entitled to high level of salary, and consequently reflect the respect to knowledge, education and teachers from the state and society. Therefore, on the macro level, the Chinese government should ensure invest enough funds to increase the wages of university teachers on the basis of strengthening the gross salaries’ regulation, and expand the universities’ right of wage allocation. On a micro level, as Liang and Zheng (2011: 106) argued that universities should raise the level of basic wages of university teachers, and reduce the proportion of performance pay in salaries. Because performance pay is regarded as a method of incentives, with the intention of promoting academic development. Whereas, currently it has become the teachers’ pursuing goal and instead, the academic work has been a means in many Chinese mainland universities. This has led to increasingly serious tendency of teachers’ utilitarianism and thus, causing large quantities of phenomena of academic misconduct and corruption which bring about the false academic prosperity. To raise the level of teachers’ basic salaries and reduce the proportion of merit pay in wages can not only mobilize the positivity of teachers’ work and be beneficial for them to concentrate on their teaching and research jobs, but also retain current talents and attract high-level talents. In addition, it is also the crucial protection for improving the teaching quality of higher education.

Found Entire Compensation Incentive Mechanism

John E. Tropman in his 2001 work—The Compensation Solution: How to Develop an Employee-Driven Rewards System, put forward the concept of “cafeteria compensation” that the companies should not merely pay attention to the monetary rewards of employees, but establish a rewards and investment system based on their increasingly demand of reward diversity and choice. For example, “the psychic income derived from a job that an employee considers meaningful” (pp. 6). As it was stated by Xu (2014: 54) that for university teacher, as a highly-educated and -qualified group, they have relatively high requirements of self-realization and society. As a result, when university administrators formulate the institution of compensation incentives, they should combine the different professional characteristics with the expectations of different categories and levels to realize the diversification of compensation incentive system. Firstly, there should have both direct and indirect compensation. Like optimize the direct compensation, the compensation must be directly connected with assessment result to embody “better payment for better work”. For perfect the indirect compensation, universities can provide more promotion and studying chances which make the teachers’ human capital value be added gradually. Secondly, increase flexible compensation incentives. The different demands of teachers between male and female, young and middle-aged must be taken into account. For those female and young teachers, consider their lower wages and heavier family burdens, the indirect compensation such as public accumulation fund, welfare housing, entering school for children and social insurance can be utilized. Bu contrast, for male and middle-aged teachers, in view of their personal growth and development, universities can also conduct more indirect compensation like the allocation of scientific research facilities, academic reputation, work responsibilities and challenges. Only via the combination of monetary and spiritual incentives, university teachers could sense their own worth and prospects to stimulate their willingness of showing full abilities, and better serve the development of universities’ teaching and research.
Conclusion

This article has tried to examine the China’s high-level university construction on compensation system reformation based on foreign universities’ compensation system. And it mainly argues that the goal of university compensation system reform in the period of China’s high-level university construction is to redesign the compensation system which can embody the difference of compensation caused by different job objectives and contents. In doing so, this essay has firstly explored the current situation of Chinese university teachers’ compensation. Then, the existing circumstance of foreign universities’ compensation management has been showed. Finally, the advices including establish scientific and practicable performance assessment, raise the level of basic salary and reduce the proportion of merit pay in wages to strengthen the competitiveness and found entire compensation incentive mechanism that aim at achieving effective incentives of university teachers’ compensation have been presented. Indeed, for Chinese university teachers, they should recognize their missions and adhere to their professional ethnics. In spite of the prevalence of social utilitarianism, university teachers cannot be the mediocre persons that seeking fame and fortune. In other words, the bad payment should not be the excuse of pursing fame and wealth for university teachers.

References


