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Perverse Incentives and Peccable Behavior in Professionals - A Qualitative Study of the Faculty

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Abstract This study aims at finding out the effect of incentives on the behavior of faculty, through a qualitative analysis of the views of the respondents, supported by evidence from the literature. Development of codes at two levels, such as descriptive and inferential codes, leads to the generation of patterns. Data were collected from six universities and terminated into a cross-case analysis for the purpose of comparison and contrasting the findings. The study found that the incentive system of higher education institutions is disassociated from the cultural and contextual aspects of the workplace – elevating the wrong dimensions of the employee's performance. Such peccable or susceptibility of behaviors has further increased the tendency among the faculty towards opportunistic behavior. The findings will help administrative leaders and incentive system designers to align enticements with the bigger goals of higher education, instead of achieving short term benefits.

Keywords Incentives · Moral hazard · Higher education · Faculty

Introduction

The idea of incentives can be traced back to Tayloristic scientific management when the piece rate was introduced for blue collar production workers in an effort to increase their productivity levels through increased efficiency. The plan was successful and later managers and HR specialists started thinking to work out such pay out plans on more formal lines. Money is a crucial incentive, because as a medium of exchange it is the

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most instrumental (Gerhart, Rynes, & Fumer, 2009). Gerhart et al. (2009) argue that compensation is the single largest operating cost − an organization's success depends not only on the magnitude of this cost, but also on what it gets in return for its investment. The use of economic inducements to motivate people has been a common practice in many societies and has generated a myriad of speculation and a plethora of research (Milkovich et al. 2005). Incentive based compensation serves both a motivational role and a role in directing individuals' effort and attention among various responsibilities (Sprinkle, 2000). Incentives have a potential to impact performance via its impact on employees' motivational states, holding attributes of the workforce constant (Shoaib & Mujtaba, 2016). According to Belcher (1962), people have been taught that money is the key to satisfaction, so when they feel something is wrong with their life, they naturally ask for more money. However, not all incentives produce the desired results. The incentive problem has surfaced up as a main theme of this study, following the qualitative analysis of data.

The aim of this study is to explore and examine in detail the incentive system of public sector universities in Pakistan and how it interacts with the employees' behavior in the workplace. Incentives are provided by the principal in order to keep the employees motivated for their best performance in the workplace, however, the current study examines the adverse effect of incentives on the employees' workplace behaviors that might lead to potential moral hazard, either due to erroneous design of the system, or due to its weak implementation. Thus, the study strives to seek an answer to the question of the role of incentives in the problem of moral hazard in the faculty?

Incentives and Rewards in Education

The problem of incentives has been specifically highlighted in the literature of multitasking by Holmstrom (1982), and has been later worked upon by Holmstrom and Milgrom (1991), Baron and Kreps (1999), Wright et al. (2001), and Bohnet and Eaton (2003), among others. It has been referred to as the cost of doing business in agency relationships (Davis et al. 1997; Williamson & Ouchi 1980; Oviatt 1988; Prendergast 1999; Wright et al. 2001; Susarla et al. 2002; Hardt 2009), which needs to be managed properly (Eisenhardt 1989; Stroh et al. 1996). Agency costs should be considered as an investment by the principal, which will yield worthwhile results in the distant future (Roberts & Greenwood 1997; Wiseman & Gomez-Mejia 1998; Bloom & Milkovich 1998; Ping et al. 2012). Chambers et al. (1998) state that, "A company's brand is the face it presents to the world. At its heart must be an appealing culture and inspiring values: qualities that apply to every activity and function within the company and to every aspect of its behavior" (p.3).

Incentives as a Motivation Tool for the Faculty

The Pakistani Higher Education Commission (HEC) has urged universities to provide different incentives to faculty members so as to rejuvenate their motivation level for higher efficiency. This intention of the Commission has been incorporated in the 5 year plan, which includes physical targets of promoting excellence in learning and research. Human resource development within the higher education sector has the dual objectives of increasing institutional capacity and enhancing local research activities (PES, 2013). The Report further points out that the major thrust of programs in this area have been primarily aimed at improving academic qualification of the university faculty. Figure 1 shows the categories and sub-categories related to incentives; generated through qualitative analysis of the data using Nvivo 9 software.

Incentives for Teaching

Universities have a dearth of good teachers as compared to the ratio of students seeking higher education. Increased growth in the higher education sector in Pakistan in the last decade has created a dearth of good faculty members who are highly motivated and proficient in their jobs (Memon, 2007). Data shows that 139 public and private universities were staffed by 70,053 faculty during the 2011–2012 (PES, 2013). The problem has been highlighted in almost all reports on Pakistan's higher education; some exemplary ones are the Boston report, the World Bank report, the Task Force report, the UNESCO report, besides several other chronicles, newspaper articles, etc., from diverse forums.

The faculty is an important corner of the education triangle and is the face of an institution (Memon, 2007). Research in the West reveals that faculty behavior and attitude show a dramatic effect on student learning and engagement (Umbach & Wawrzynski, 2005). The western world has progressed because it understands the

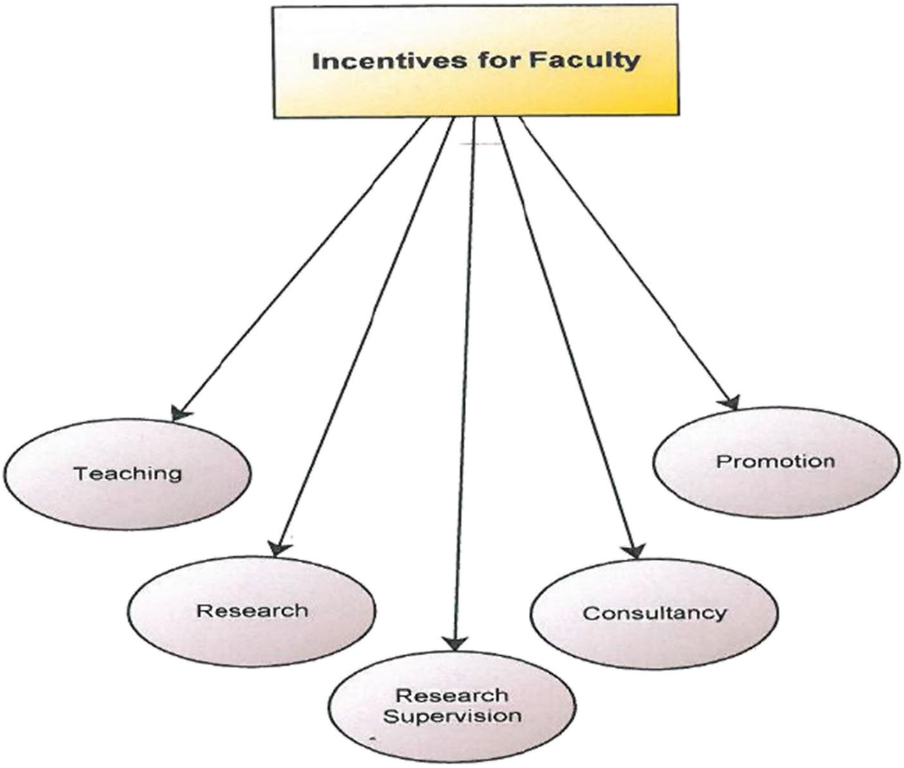

Fig. 1 Incentives for the Faculty

importance of various roles of the faculty in education and try to accomplish these (NORRIC, 2006). In Pakistan, according to some reports, the quality of higher education is deteriorating; in both the public and private sectors, despite the fact that enrolment in these institutions is rapidly increasing at a rate of 30% (Mahmood & Shafique, 2010). This is evident from the fact that Pakistan is placed 119th out of 127 countries in the EDI ranking by EFA Global Monitoring Report 2011, even lower than Bangladesh, which stands at 112th position (Murtaza, 2013). Improvement in the quality of higher education in the fields of academic standard and research is the top priority of the Commission and to achieve this aim there should be at least five Pakistani universities included in the ranking of top 300 universities (Bilal & Khan, 2012). The government has acknowledged officially that no Pakistani university is ranked in the top 100 universities of the world (Mahmood & Shafique, 2010). Currently, only a few universities are included in the top 500 list.

Prentice et al. (2007) claim that there is evidence of teachers responding to financial incentives. The authors suggest that financial incentives can yield productivity improvements for teachers. Directly rewarded outcomes improve under incentive schemes; however, unrewarded outcomes are inconclusive. According to Rasheed et al. (2010), people in Pakistan are more concerned about their financial constraints. The current emoluments are grossly inadequate to attract and retain quality faculty (Boston, 2002). Referring to the incentives provided for the teaching component in the faculty's job, one respondent stated:

> A self-finance system is present for the faculty. When they teach over and above their required hours they receive extra remuneration. These opportunities will encourage teachers to stay most of the time on their campuses as they will have opportunities to earn more money inside the campus premises. It will also solve the problem of the faculty members disappearing from their offices after taking a single or couple of classes; moreover, it will discourage private tutoring to some extent.

The interviewee considers the university's policy of paying monetary incentive for extra teaching as an opportunity for the faculty members to earn extra benefit for extra work. He considers this policy as a strategy to retain faculty members on campus during their office hours. There is no harm in providing such opportunities to the faculty; however, previously there were anomalies in this policy, as the upper limit of extra classes was not capped. Also, evening classes were counted towards the additional teaching load. Senior faculty or those faculty members, who were well connected, used to skip their normal routine morning classes for which they were insured a fixed pay, regardless of the class contact hours. Junior faculty members were resentful that they never got a chance to teach in the evening because all the evening classes were allocated to the senior faculty. The policy of incentives for additional teaching load was exploited by the faculty – as they opted for more and more teaching load – while ignoring the quality of instruction. To stop the misuse of this policy, recently teaching load has been capped by the universities and also the differential between evening and morning classes was done away with by extending office hours from 8 am to 8 pm; earlier it was from 8 am to 4 pm. Due to this decision the situation was normalized to a greater extent, but not completely controlled, as still there are faculty members who cannot strike a balance between teaching effectiveness and teaching load. The fact has been expressed by one respondent in these words:

> We do not provide teachers any monetary reward for good teaching. They are public servants and already drawing a pay from the government exchequer, so how can we give them a second salary, besides their pay package. The HEC also gives best teacher award to the best performer based on the execution of the previous five years. There is otherwise no performance based system.

The faculty is incentivized in two ways: giving out a cash reward, and promotion/appointment to higher grades/academic positions. The incentive system is linked to the university's core activities of teaching and research. If a faculty member's teaching load exceeds its specified credit hours, s/he will be compensated through overtime payment − at a certain pre-determined rate. Similarly, the tasks of research and publication are also rewarded with monetary awards. For a lecturer who is getting a salary package, which could hardly cover his/her basic needs, the valance of monetary incentive cannot be underestimated keeping in view the rocketing inflation index.

Since long, teaching profession is considered to be underpaid. Low rewards preclude talented individuals from joining this profession and makes the existing faculty prone to relinquishing for more lucrative jobs elsewhere − in the hope of affluent life. By providing incentives, universities can create opportunities for faculty members who have the ability and capability to capitalize on their potential and earn a decent living. Currently, universities are confronted with the challenge of attraction and retention of the top faculty, due to motivational issues, as expressed by one of the respondents in the following words:

> The faculty members get remuneration over and above their monthly salary if they are willing to teach extra credit in our institute. Although the amount is not much, but still the faculty welcomes it as an additional push for their income. The HEC also gives monetary awards for best teacher. The HEC award is based on the faculty member's previous couple of years of performance. The best teacher award, which is given by the Commission, is based on better research performance, such as publication in respectable journals. We do not have any indigenous scheme to encourage all hard workers, rather than singling out any particular individual. What about the faculty member who could not make it to the top position, but is equally competent and hard working?

The motivational effects of these awards do not trickle down to the entire faculty, because the criteria for this award entertain only the senior level faculty. Secondly, the faculty does not trust the management, due to lack of transparency in nominating names for this award. Any award that is not provided to the deserving person will result in demotivation. Merit should be upheld in genuine competitions. Supervisors should strive to distinguish superior performers and appreciate their good work, but if they fail to do so, the better performers will have no reason; aside from personal satisfaction, for continuing to perform at higher levels. Moreover, the mediocre employees will have no reason to improve their performance. One respondent expressed this situation in the following words:

> We have started programs in the evening. Faculty members who want to teach in the evening can now do so, and earn extra income.

The arrangement of giving extra classes to the faculty members is a mixed bag. It has increased the income of hard working faculty members by giving them an opportunity to earn extra money for exerting extra effort. It has also ensured the presence of the faculty members on campus, because they have an incentive to stay instead of going out for private tuitions. But there is also a negative side to this practice. The faculty members have entered into a race for money that has turned them into money making machines, where everything else is considered secondary. In the case of such incentives by administrative leaders coupled along with a lack of relevant oversight, some educators might resort to thinking that aiming for monetary rewards and increased wealth at the expense of fairness and student education is not unjust or a form of corruption (Mujtaba et al. 2013). Secondly, it has increased the potency of the supervisors, as they can allocate extra courses to those faculty members who are on good terms with them. Therefore, those faculty members who are interested in teaching overtime, resort to rent − seeking behavior to secure extra classes. An additional income per month for an extra class is an attractive incentive. According to the HEC statute, the faculty can take two extra courses over and above their specified workload, which means an increase in their earnings. In practice, this incentive has tempted some faculty members to take as many classes as they possibly can; surpassing the HEC guidelines in this regard. Incidences were reported where some faculty members were teaching a very large number of courses per semester. Teaching is not about racing through the course and completing credit hours of a particular course, it is all about student learning and their intellectual growth by developing their critical skills. The glimmer of money has drifted them away from the real essence of teaching, putting teaching effectiveness on shaky grounds; however, there are always exceptions for some faculty members, the job of teaching is more than just a profession. They are passionate about imparting knowledge to the students, and money holds a secondary place for them, but the number of such faculty members is close to negligible. One respondent expressed the situations in these words:

> The University is always in need for its own faculty because of the increased workload, and for this purpose any faculty member who is willing to teach over and above his assigned classes is provided extra remuneration at an hourly rate. I think this measure is enough to motivate the faculty to take extra workload. An opportunity was created for the faculty to earn extra money, but in an ethical way.

One respondent has appreciated the University's policy for overtime compensation, for providing an opportunity to the faculty to earn extra income, which otherwise would have been possible via secondary employment. Due to increased number of students, universities have to run morning and evening sessions. This raises the demand for qualified faculty to teach in dual shifts. It is always convenient that an organization offers overtime to its own employees instead of bringing in people from outside. The main reason being that the existing employees already know the work patterns and are familiar with the environment – can become productive immediately – as opposed to the visiting staff or temporary employees who need time to socialize before they could yield the desired productivity level. Second, it is the right of the existing employees that if they are willing, and have the capacity for additional work, they should be given preference over outsiders.

Although, providing a very minimal amount per hour to a person with a higher degree is not justified, but if we compare it with other professions, especially employees working in the public sector, the higher educational institutions have better employment. Despite the fact that overtime can increase the income level of the faculty who is in need of money; however, it fails to motivate those for whom such amount holds little valance. The rate differs from university to university. The normal workload is 4, 3, 2, and 1 class, for a lecturer, assistant professor, associate professor, and professor, respectively. However, one respondent has expressed the situation in the following words: “Our university does not provide teaching overtime to the faculty, but it does get a tax relief on its income”.

All medical colleges are affiliated with public sector teaching hospitals. The doctors who are working in these hospitals are also required to teach to the medical students, both inside the campus and also in hospitals. They get a salary for being primarily employed as doctors and their induction is done through public service commission, which is a government recruiting body. However, the teaching staff gets a slight rebate on their income tax, a rule that applies across the board to all teachers in the public sector. This fact was confirmed by one respondent, who stated: “Anything over and above the faculty’s assigned workload, i.e., active classroom teaching is rewarded in the form of overtime”.

When a faculty member can increase his/her fortune in-house, why would s/he go anywhere else in search of providence. This ensures the presence of the faculty on campus for a longer time period. The students can also benefit from their presence by discussing academic problems with their teachers. In some universities, the faculty is also paid for checking transcripts and examination duties held in the evening. This practice also holds an incentive for the faculty members and they try to grab maximum duties.

Incentives for Research

To promote a research culture in universities − which can be a hub for innovation, the HEC not only fund universities for the promotion and growth of research, but also provides several incentives to the faculty members who are interested in research and have the necessary skills for conducting it. The incentives provided to the faculty in this regard have laid the basis of a research culture in the region. The activities of research and publications have increased manifold during the past decade. The HEC has been encouraging faculty for participation in academic activities by providing a travelling grant for conferences and seminars. Despite all these facilities, the faculty seems to be indifferent towards conducting quality research, as the spark seems to be missing.

The HEC has vowed to improve the research aspect in Pakistan through higher education institutions. To uphold the slogan of “publish or perish”, the Commission is providing monetary incentives to the faculty. Rigorous research activities are also believed to improve the rating of the university or institute. Hence, research and publication not only boosts the faculty’s profile in-house, but also enriches the prestige of the scholar in the academic market. Research and publications are also incentivized through upward career movement of the faculty. The trend of publication is more common in the senior faculty as compared to the junior faculty.

According to Van der Stede (2009), universities should strengthen controls on the efforts that professors could devote to those activities that do not contribute towards the university's prestige. A faculty member, whose publication appears in an indigenous or internationally recognized journal, gets a monetary reward with the condition of being the principal author. This criterion has been set by the Commission − taking the HEC's rating of a journal as a gold standard for entrusting quality on a piece of publication. The same holds true for foreign journals. Universities normally get funding from the HEC for providing the incentives to the faculty, under different incentive schemes. Besides, providing cash awards to the faculty, any publication expense incurred by the author is reimbursed by the university.

Publications that are incentivized by monetary incentives are only a point scoring activity without serving the real purpose for which the incentives are extended to these professionals. This can explain why people in this part of the world have very few patents and their citation count is almost negligible, as compared to the work of faculty members in other parts of the world.

Publication and research incentives, although having a motivational effect on the faculty, also have some adverse effects on the quality of the publications. Faculty members have started publishing anything which could fetch them quick money. This refers to the gloomy side of incentives; encouraging the faculty to indulge in corrupt practices, such as gaming the plagiarism software, reaching out for easier publication outlets, free-riding, and publishing in parts. Hoodbhoy (2005) considers practices like plagiarizing papers, multiple publications of slightly different versions of the same paper in different research journals, fabricating scientific data, and seeking out third-rate foreign journals with only token referees, as academic abuses. Bedeian et al. (2010) have reported infractions of research ethics, such as revealing half-truth of the research findings, and even fabrication of data or results.

This does not mean that all publications are substandard or all journals are not peer reviewed, but the number is quite low and their credibility is questionable. Limited numbers of journals are recognized on an international level; the rest is competing on national grounds. According to Hoodbhoy (2003), many universities today are awash in research funds and special incentives. Hoodbhoy (2005) considers it as a poorly thought out and dangerous HEC scheme, which involves giving cash awards to university teachers for publishing papers.

Universities and research institutes shall place greater emphasis on mobilizing research for promoting innovation in the economy (UNESCO, 2008). Travel grants for attending academic conferences, seminars, and training programs are all sponsored by the HEC by extending financial assistance to genuine cases of attendances. The amount of research grants released by the HEC to the faculty members under different heads adds to the university's profile and pushes up its rating and ranking.

These incentives are tempting for the faculty, and can easily allure it for quantitative work, at the cost of work quality. The outcome of quality teaching is manifested after a time lapse; whereas, the incentives are immediate and short term oriented, and more focused on quantitative aspect of work. Incentives provided to the faculty, do not serve the actual purpose for which this system is devised, yet it has at least initiated a research culture in the academic circles, because a decade ago many of the faculty members were not even aware of the research work and its importance to their profession. The endeavors of the HEC are evident from the fact that 24 research awards were distributed in 5 different categories during 2009 by the Commission, while 33 awards were given in 2011 under the project of HEC's Outstanding Research Awards Series. Moreover, 55 books were published by HEC in just 5 years on different research projects, monograph and textbook writing schemes, and 28 patents were filed under Patent Filing Project (Education-Ministry of Finance, 2013).

Citations are important for the faculty, as well as the university, because it shows the impact of the author in a particular field (Baugher, 2008). A citation means that other people in the same field consider your research worthwhile to be used in their work. Thus, increasing the robustness and credibility of the research.

According to Eble (1982), while observers agree that the three broad areas of teaching, research, and service make up the three legged stool upon which faculty evaluation is based, the amount of emphasis each area receives is not constant (Licata, 1986). Research is considered as the most important aspect of a teacher's job, as the majority of the incentives are given to the faculty for this purpose, and it is even connected to the long term success on the job. Irrespective of a faculty member being good teacher, if s/he fails to publish the chances of moving to higher academic positions become slim. Thus, research is the most important prerequisite for career advancement of the faculty. Baugher (2008) suggests that the faculty members should confine their publications to their respective discipline and should not try to range too far afield because if a candidate for tenure has too many papers in widely divergent fields, this might be an indication of lack of focus or commitment to a given subject area and would count against them during tenure review. The author further stresses that the articles published in high-impact journals are worth a great deal more than an equal number of articles printed in lower-status journals.

Promotions and appointments are only decided on publications and are used in judging the worth of the faculty. Nevertheless, there are productivity awards on articles, monographs, and books, etc. Publishing a good book is conceived as an article published in an X category journal which is a big accomplishment for a faculty member. Concurring with this one respondent stated: "Pakistan Council for Science and Technology gives Research Productivity Award (RPA) on impact factor and citations."

Theoretically, it is envisaged that teaching and research are kept at par, but practically there is a wide gap and preference is given to research over teaching. The reason could be that publication output is easily observable and can be measured objectively, such as publication made in quality journals, with citation count, but measuring teaching effectiveness requires personal judgment of the stakeholders and also the outcomes are usually manifested after a certain time period. Furthermore, the outcome is subject to noise. The interpretation and definition of what constitutes good and effective teaching differs from person to person and place to place, but determining the quality of publication has a set standard. Confirming the provision of incentive for publication, one respondent stated:

> Incentives are given for publishing in impact factor journals, but it only covers the publication expenses. Research productivity allowance is given by the Pakistan Scientific Foundation.

Incentives are offered to those faculty members who publish in impact factor journals, but this award is in the form of expenses incurred on such publication(s). However, an external agency to promote quality publication, motivates the faculty by giving them research productivity allowance that is based on some criteria in research and publication, as expressed by the respondents in the following words:

> The head of department has given them free access to approach him for help. Time adjustment is made, but no cash is given from the university side, however, the HEC pays something. Cash prize being given at the end of the year is linked with publication rather than teaching.

The HEC is asking more of impact factor publications from the academic staff. Impact factor publications have been linked to the tenure decisions of the faculty. An impact factor publication has more points as compared to non-impact publications, as these are accepted and recognized worldwide due to the nature of the work and not limited to a specific journal or location. In some universities the faculty is awarded cash prizes based on its research profile. This reward is associated with the publication aspect only. This attitude of the university shows that publication is seen as an extra work for the academic staff for which they need to be incentivized. One respondent has confirmed the provision of incentive in these words:

> The faculty receives incentive for publication in the HEC recognized journals. For domestic publication, it gets a slightly lower incentive as compared to appearance of publication in an international journal. The Institute also pays for a subscription fee of publication and also awards money if a paper is published in recognized journals. Full fledge research is encouraged through a scheme of the HEC and ORIC. Every research must have a proper planned budget for expenditure, which is a blueprint for how the funds will be utilized. In the previous year, three studies were completed by the faculty and still more funds were available but there were no more proposals for submission. So far the research which is conducted by any faculty members has not found its way to or contributed towards policy making. In developed countries, universities consider publication as a serious concern. Most of their researches are linked with the industry and community at large.

There is a difference of opinion between the respondents. Some consider publication incentive as a practice that will encourage the researchers; yet, there are others who hold a contradictory view, by positing that the individual will get its benefit in the long run. Implicit benefits or long term benefits do not easily motivate employees. Employees usually expect a quick reward for the hard work they have done and the efforts they have expended. Publications are not taken very seriously by the academicians except for their self-vested interests. People do not care whether their research is useful to the community or not, but are blindly following the motto of "publish or perish", and earning extra money. Neelakantan (2007) has apprehensions that many Pakistani scholars produce research of dubious quality − a problem created by the new reward system in which the Commission provides cash reward per publication. The author further asserts that the incentive, which has increased publication by 40% in Pakistan, was designed to prevent stagnation which was due to the inbuilt progression within grades due to longevity. Research should be aimed at the betterment of the society and not just treated as a promotion seeking tool. Promotion will automatically occur if the larger aims of the research are achieved.

Incentives for Consultancy Work

According to Van der Stede (2009), universities should fix a canon on the professor's income-generating activities, taking into account the negative effects of that canon on the efforts that professors might be willing to devote to research, rather than to consultancy activities. Donor agencies are keen to confer different research and training projects upon universities and higher education institutions with an understanding that these places are better equipped for the projects to be conducted. Referring to this situation, the respondents stated:

> If any person takes an initiative or starts a project, he can do so. According to a fixed formula both the institute and the faculty member share the benefits of that project or idea. Once the project budget is allocated, 30% goes to the Institute and the rest is distributed amongst the team members, proportionate to their role and contribution. All such projects are approved by the board. It is, thus, a win-win situation for both the Institute and the employees.

> These side projects or consultancies do not affect the teaching activities of the faculty. There is no harm if the faculty gets involved in activities besides its assigned tasks; playing a positive role in the society as well as earning extra bucks. The Institute provides a forum to any such person who is interested in project activities. The provision of such practices is also present in the Ordinance of the Institute.

In Pakistan there is a famine of independent establishments, which have a high profile in research activities. Faculty members are involved in different projects to provide their technical expertise as consultants; thus earning additional income. Besides, incentive for the faculty to work on these projects, universities are also getting additional revenue by providing a platform for such activities.

Incentives for Supervising Research Students

The faculty gets monetary and non-monetary incentives for supervising research students. Monetary reward given to the faculty for different level research varies from university to university. The points scored by the faculty upon successful completion of research by a research student whom s/he has supervised, counts towards his/her academic profile, and is taken into consideration for tenure decisions and appointment to higher level academic positions. One responded stated in these words: "If a faculty member successfully supervises a PhD scholar, the award money is higher as compared to supervision of an MPhil student".

The task of research is virtually divided into two components: the research activities conducted by the faculty to enrich its profile, and the research conducted by the students under the supervision of the faculty. The two have different implications and a different motivational drive for the faculty. The research for which the faculty is solely responsible, which that adds to its profile is given preference over the research that is conducted by the research students – as a requirement of their undergraduate, graduate, or post-graduate degree. One interviewee agreed to incentives for supervision of research students in these words:

> Those faculty members, who have been enrolled by the HEC as supervisors, can supervise research students at the doctoral level. When a faculty member successfully supervises a post graduate level student, he is given a handsome amount of monetary reward.

Usually, the faculty is indifferent towards the research of its students. The faculty is so busy doing multiple tasks with a limited time budget due to which it usually faces work overload and role overload. This is a common problem in all multitasking professionals. Incentives are expected to improve the quality of research work produced by the students, which at present is in doldrums or stagnated. The incentive for student supervision is not enough looking at the time and hard work that goes into it, nevertheless, it is better than getting nothing.

Promotion as an Incentive for the Faculty

Incentive payment is advisable in jobs where the principal cannot easily monitor the agent's work due to job complexity. It boosts the motivational level of an employee and encourages him/her to do the job in a better way. This situation especially holds true in multitasking professionals, who have an information edge over their employer. Also, due to the delayed output of their work the principal cannot determine the level of their performance immediately. The incentive pay system is rarely based exclusively or even primarily, on quantitative output for professional employees. Ellerson (2009) argues that quantitative measures are used warily and never exclusively. Employees also appreciate non-monetary incentives, but when it comes to comparison, monetary incentive leads by a quantum leap. The value of money is especially enhanced in economically challenging countries like Pakistan. From the respondents' aspect, incentives mostly refer to monetary benefit that is linked with performance or achievement of targets. People usually link incentives with the quantitative aspect of their work, such as more work will be justified with higher pay-offs. There is hardly any evidence of the qualitative dimension being stressed upon. Thus, the meaning of incentive according to the respondents is similar to that put forward by (Milkovich et al. 2005; Prentice et al. 2007).

Economists often emphasize that the basic law of behavior is that higher incentives will lead to more effort and higher performances (Gneezy et al. 2011). According to Van der Stede (2009), what you measure is what you get, because incentives work. It is clear that strong incentives will have strong effects; both good and bad. So if what is measured is not what is intended, strong incentives will only get the organization faster to the undesired results. To mitigate this problem, the weights placed on the key dimensions of the job will have to be re-balanced so that a single dimension is not incentivized disproportionately, relative to others. Most incentive schemes are far from perfect – even worse, they are often seriously flawed. It is, therefore important to understand where the system falls short and how these shortfalls can be addressed. Distorted incentives when left unchecked can have devastating effects.

There are three types of upward movements for the faculty: progression through the salary scale, jumping from lower to higher grade – also known as move over, and appointment to a higher academic position. The situation is expressed by one respondent in the following words:

> Incentives are already in place e.g. a faculty member is inducted directly in grade 18, whereas, any other public servant joins service in grade 17. Again a professor in the education sector is given grade 21; whereas, elsewhere in the public sector, the public servant with the same credentials gets grade 20. A professor can even achieve grade 22, but it is only applied to the meritorious professors.

The Higher education system in Pakistan has the same unified pay scales that apply to any other public sector organization, except with the difference that in other public sector employment fresh inductions are done in grade 17, but in higher education system induction is done directly into grade 18. This shows that overall in higher education the faculty members have better grades than other public sector employees. Even this works as an incentive for the individuals who aspire to join higher education. One respondent expressed this situation in the following words:

> Promotions are linked with research and publication output. If the research performance of a scholar is good, further promotion avenues are opened and further nourishment chances increases. Teaching performance is considered as a subsidiary thing in determining promotion.

The promotion has always been used an incentive by the principal to motivate the agents. The concept of promotion, in the higher education sector, is slightly different from the norms of promotion elsewhere; especially in the public sector. There is, however, a little confusion between the concept of promotion and appointment. Promotion – as understood in the other public sector organization – does not exist in public sector universities and institutions. Progression of the faculty within the scale is based on longevity in the organization, but a higher level position cannot be achieved, by the same criteria. Movement from a lower grade to a higher is time based, but movement from a lower position to a higher one is based on a number of criteria, including: achievement of higher degree, publication count, length of service and certain other matters. Performance evaluation does play a role in the promotion, but not a major one.

Appointment means when an individual applies for any vacant position, with the intention of being selected against that position. A faculty member becomes eligible for appointment to a higher level position, based on degree enhancement and publication count. Promotion of the faculty is based on a combination of two things: teaching experience and publications. Irrespective of the performance evaluation results of the faculty members, they will be eligible for upward movement after serving for a certain number of years – in a particular university, and secondly; by achieving the publication targets required for going up to higher positions. Not all rewards can be given for the short term success; there are certain rewards for which the faculty has to wait before reaping its benefits. A balance of both the short and long term rewards is necessary for proper motivation of the employees.

There is an old dictum, “you can take a horse to the water, but you cannot force it to drink, it will drink only if it’s thirsty”. This situation applies to the faculty. Despite the different types of incentives given to faculty, a snapshot of the Graduate Record Examination (GRE) test scores reveals the true picture of the quality of education in Pakistan. The score is below average; given that many of the GRE test takers in Pakistan are engineers and students from science majors. China and India, on the other hand, are leading from the forefront. China has the highest GRE quantitative scores.

Reflection on Cross-Case Analysis

The conclusion is corroborated by the arguments, viewpoints, empirical studies, as well as the findings of various researchers and academicians. Incentives are important to keep the morale of the faculty high on the good work they are doing, but at the same time it should discourage practices that apply brakes on its performance efficiency. The rate at which the teachers get overtime, differs from university to university, and usually depends upon the financial health of the institution and discretion of the management. Besides, “Best Teacher Award” is also given to the top performer by the HEC for an all-round top performance. This award entails cash money of Rs.100, 000 along with a certificate of appreciation. The problem with this scheme is that not all faculty members are eligible, as the criteria are less performance-based and more degree-centered. Secondly, only one individual gets the award, thus, de-motivating the runner up and other hard working faculty.

For the purpose of research and publications, all the universities and higher education institutions provide ample incentives for the scholars. These incentives are basically provided by the HEC for boosting research activities in the country. The HEC provides funds to universities for disbursement of research activities. Usually the incentives for publication in international journals are higher than domestic publications and the reason is obvious as more hard work and waiting time is required for a publication to appear in an international journal of repute rather a domestic journal. Because of their global recognition, everyone aspires to make publication in international high raking journals. The hard work is appreciated by the university in the form of higher cash reward. Some universities also cover the publication charges to encourage scholars.

The faculty is engaged in helping out students and supervising them in their research at the undergraduate, graduate, and postgraduate levels. The amount of monetary incentive increases with the level of research. Besides monetary incentive, the faculty induction is done in grade 18 which is one grade up than induction in any other public sector institution. This also works as an incentive for the faculty because the people working in other public sector institutions have to wait for at least 5 years before they could be promoted to the next higher grade.

Conclusion

Multitasking refers to the challenge of designing incentives to motivate appropriate effort across multiple tasks, when the desired outcomes of some of the tasks are more difficult to quantify than others (Holmstrom & Milgrom, 1991). The authors argue that the problem of providing incentives to professional agents is far more intricate than those provided for standard tasks. The authors have apprehension that the performance measures upon which rewards are based may aggregate highly disparate aspects of performance into a single number and omit other aspects of performance that are equally essential for the firm to achieve its goals. The incentive system needs to be analyzed in totality and there must be a connection between the instruments used and the activities to explain richer patterns of actual practice.

Eggleston (2005) proposes the use of mixed payments when Performance Related Pay (PRP) metric is imperfect for rewarding service-specific quality efforts, because it helps to balance incentives for quality effort across services. Incentives for performance are fundamentally trying to run away from the seniority-based compensation, to a one that embraces performance. Incentives have a substantial conceptual appeal; however, the success or failure of the organization depends on how performance is evaluated and how incentives structured. The author therefore suggests cautious use of the PRP as long as the quality is rewarded only partially or metric is imperfect.

Incentives have a substantial conceptual appeal; however, the success or failure of the organization depends on how performance is evaluated, and incentives structured (Cromwell et al. 2011). The authors state that the devil is in the detail. Organizations may have a variety of performance-based rewards, but the concept remains the same, such as an individual is rewarded according to his/her performance. The theory of optimal incentive contract shows that when available measures are "noisy" (imprecise in their relation to the outcomes of ultimate interest) and "distorted" (improving the measure does not necessarily improve the outcome of ultimate interest), the portion of compensation that should be based on them is lower (Baker 1992; Cromwell et al. 2011).

Teaching, research, and other parts of the faculty job are not treated on equal footings. First, teaching performance might have an impact, which is limited to the individual level; therefore, it is not too significant for a university or institution. Whereas, research has more weightage in the rating of the university and in the accreditation process. The results of research are realized quickly; giving a boost to university ranking in the comity of educational institutions. This might be one of the reasons that research activities are incentivized. According to Gomez-Mejia and Balkin (1992), research work is considered privileged over teaching due to different reasons. The reasons mentioned by these authors are the perceived quality and prestige of a university is highly correlated with the scholarly output of its faculty. Second, faculty members who are recognized for their scholarly work are counted as "boundary-spanners" in the external environment for their creation. For example, accomplished researchers have visibility in the market and can attract outstanding faculty and superior students and tend to receive external grants. Third, since research has greater visibility in the external market as compared to teaching performance, outstanding researchers therefore need to be well compensated to prevent them from accepting jobs elsewhere. Ultimately, the principals can measure research productivity with more precision rather than gauging teaching effectiveness, which is a behavioral process. Thus, research work can be expected to have greater influence over the distribution of rewards (Gomez-Mejia and Balkin, 1992). For each publication in any HEC recognized journal, cash reward is given to the faculty member, which acts as an incentive for more publications in the future. Research attracts research grants from the HEC and this also adds to the university profile. According to Stilwell (2003), a particularly bizarre aspect of the use of research grants is that it is taken as a proxy for the measure of research performance, which enhances the image of a university.

An incentive system needs to be planned by designers to confirm to all parts of the faculty's job; keeping special attention on the reduction of moral hazard in the faculty. According to Lavy (2007), performance-based incentives can improve teachers' efforts exclusively towards rewarded activities. When there are multiple tasks, incentive pay serves not only to allocate risks and to motivate hard work, but also to direct the allocation of an agent's efforts among various tasks and activities. Moreover, a direct consequence of this multidimensional nature is the fact that incentives for a task can be provided in two ways: either the task itself may be rewarded or the marginal opportunity cost of the task can be lowered by removing or reducing the incentives for task completion (Holmstrom & Milgrom, 1991; Dzagourova & Smirnova, 2003; Sinclair-Desgagn'e, 1999). This represents the first difference between the multi-dimensional theory and the more common one-dimensional principal-agent models (Holmstrom & Milgrom, 1991).

Lavy (2007) has provided guidelines for designing effective incentive programs, such as the system must measure true performance to minimize random variation as well as undesired and unintended outcomes. Moreover, performance must be aligned with ultimate outcomes and monitored to discourage gambling. Dzagourova and Smirnova (2003) further adding to this suggest that before designing an incentive system, it is important to know whether the tasks in question are substitutes or complements, and how tasks can be measured. The researchers hold opposing views about the substitution or complementary nature of teaching and research. Holmstrom and Milgrom (1991) emphasize the analysis of an incentive problem in totality; one cannot make correct inferences about the proper incentives for an activity by examining the attributes of that activity alone. Moreover, according to these authors, the range of instruments that can be used to control an agent's performance in one activity is much wider than just deciding how to pay for performance.

The ideology of PRP for fair and accurate performance appraisals serve important functions (Milkovich et al. 1991). These authors conclude that three things are important for any PRP plan: (i) the employee must understand performance goals and view them as "doable", given their own abilities and skills and the restrictions posed by organizational context, (ii) there is a clear connection between performance and salary increases, being consistently communicated and followed, and (iii) the pay increase is viewed as meaningful. Providing opportunities to make high salaries might provide an incentive for teachers to do a better job and for others to get into the field (Solmon & Podgursky, 2000). According to Hayward (2008), when an institute's culture is that of indifference, irresponsibility, and lethargy, the resolution usually requires incentives besides other things and in some cases positive results have been achieved. However, according to Muralidharan and Sundararaman (2006), the issue is how to set the ratio of incentives to base pay, as incentives if too low will not induce a higher level of effort and if too high will increase the risk premium and the undesirability of distortions.

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