

**University of Tartu**

Faculty of Economics and Business  
Administration

**WAGE POLICY AND  
PERFORMANCE  
MANAGEMENT IN  
ESTONIAN HIGHER  
EDUCATIONAL  
INSTITUTIONS**

Kulno Türk

Tartu 2001

ISSN 1406–5967

Tartu University Press  
Tiigi 78, 50410 Tartu  
Order No. 121

# WAGE POLICY AND PERFORMANCE MANAGEMENT IN ESTONIAN HIGHER EDUCATIONAL INSTITUTIONS

Kulno Türk\*

## Abstract

The policy of higher education in the public sector is being developed and that has brought about the need to systematize the education given by private and public higher educational institutions. This way, an attempt is made to improve the organisation and division of work in the public sector and also in the provision of higher education. The aim of the present paper is to discuss the wage policy in Estonian higher educational establishments and the analysis is based on current theories of performance management and work compensation. The paper provides a survey of salaries of the academic staff in Estonian higher educational institutions and the system of performance appraisal and compensation in the Faculty of Economics and Business Administration of University of Tartu. The paper also offers ideas for those seeking to improve teaching, research and publications performance in universities.

---

\* Kulno Türk is associate professor of University of Tartu, Faculty of Economics and Business Administration, Institute of Management and Marketing, PhD. E-mail: ktyrk@mtk.ut.ee The author is grateful to lector Raul Eamets and Tõnu Roolah of University of Tartu for their constructive remarks. This paper was submitted for discussion at the *VI Congreso Cultura Europea* that was held at the University of Navarra, Spain, 25-28 of October in the year 2000.

## **TABLE OF CONTENTS**

Introduction.....	7
1. Compensation Policy in Estonia .....	9
2. Performance Management and Compensation in an Organisation .....	15
3. Performance Management in European Universities and Colleges .....	19
4. The Survey of Salaries of Academic Staff in Estonian Higher Educational Institutions.....	22
5. Performance Appraisal and Compensation in the University of Tartu.....	25
Conclusion and Policy Recommendations .....	35
REFERENCES.....	40
KOKKUVÕTE.....	43

## **Introduction**

The difficult economic situation in transition and welfare states in the 1990-s has brought up the role of the state managing socio-economic policy, including educational policy. The need to reform the system of Estonian higher education and decide the division of state funded university places has arisen. The aspects of economic efficiency as well as social justice must be taken into consideration when determining the role of the state in the field of education. State funded university places are instruments of regional policy. Taking into consideration the concentration of employment to Tallinn and due to that particular concentration of purchase power of education also to Tallinn, the majority of state funded places should be directed outside the capital.

The basic idea of public sector management in welfare economies is to implement market mechanisms in producing product for the public sector (public goods) and in formalising the corresponding tasks in state structures. Restoring market mechanisms for public goods with existing competition has brought about a quick development, presuming at the same time application of effective regulation mechanisms to neutralise accompanying negative influences of market forces (Sepp, 1999: 286). Effective mechanisms must be developed in order to regulate the market of higher education. This should be considered in the context of integration into European Union and keeping in mind the national interests.

The policy of higher education in the public sector is being developed and that has brought about the need to systematize the education given by private and public higher educational institutions. This way, an attempt is made to improve the organisation and division of work in the public sector and also in the provision of higher education. The above-mentioned

issue has become one of the most important and extensive topics of discussion in recent years. The aim of the present article is to discuss wage policy in Estonian higher educational establishments, based on current theories of performance management and work compensation.

Due to intensification of competition in European markets, jobs have become unstable and the employees' work guarantees have diminished. In several countries, including Germany and Sweden which are well known for their strong social policy, the question of liberalisation of making employees redundant and granting bigger rights to employers dealing with employment questions has become (Martin, 1996: 11-13). European employment policy is no longer able to keep up with the fast economic development, intensification of competition, economic difficulties and increasing unemployment.

At least 10% of all jobs in the European Union change totally during one year, demanding more universal skills and better re-training from employees. Therefore, the new employment system is gradually being developed. Implementation of a new system places major obligations on the state. State officials have to create better schooling and retraining conditions for employees that could and must be used actively. The state has to improve the policy of higher education in order to meet the needs of a new century and integration to Europe.

The paper consists of five sections. The first section discusses employment and compensation policy in Estonia. Additionally it provides several examples of compensation policy in the USA, Canada and Europe. In the second and third section of the paper, a theoretical approach of performance management and compensation in universities and colleges is presented. The two remaining sections of the paper present the main empirical results of the research. The fourth section is a survey of salaries of academic staff in Estonian higher educational institutions, and the fifth section provides the system and results of performance appraisal and compensation in the university of Tartu. The

latter section offers ideas for those seeking to improve teaching, research and publications performance in universities.

## 1. Compensation policy in Estonia

Estonian employment practice is still far from meeting European standards and there is still a lot to achieve both in state and regional employment management. The majority of the problems concerning the labour market and education are caused by the Estonian macroeconomic problems and the deficiencies in state and local administration activities. The researches concerning the Estonian labour market claim that to improve the labour market policy it is important to tie it tightly with Estonian regional policy (Eamets, Philips, Annus 2000: 122-123; Raudjärv, 2000: 281-283). The immediate task of the state is to grant and level the entrepreneurship and employment in different regions of Estonia. The priority of educational policy, including higher educational policy, is vital in the regions where entrepreneurship is less widespread.

According to the statistical data, the industries with the lowest and highest average gross salaries in the III quarter of 1999 were hotels and restaurants (144 EUR\* per month) and agriculture and hunting (159 EUR per month), and financial intermediation (645 EUR per month) and electricity, gas and water supply (348 EUR per month), respectively. Industries with the highest income in the III quarter of 1997 remained the same, while the industry with the lowest gross salary was education (133 EUR per month). The average gross salary in the field of education has increased 26% and has reached the level of 180 EUR per month, and thus, has taken the 4<sup>th</sup> lowest place (see Figure 1).

Therefore, some progress in state policy of advancing education has been achieved. For example, at the same time the average salary in financial intermediation has increased to 164 EURO,

---

\* Exchange rate is fixed at 1 Euro=15,646 Estonian kroons (EEK)

which is almost the same as the average salary in education (Estonian Statistical Data, 1999: 46; Estonian Statistical Data, 1997: 22; according to the calculations by the author).

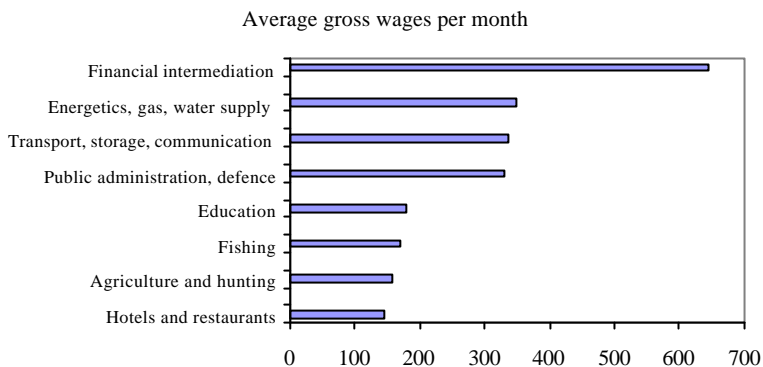


Figure 1. Average gross salaries for four biggest and four smallest industries in Estonia in the 3<sup>d</sup> quarter of 1999 (Estonian Statistical Data, 1999: 46; according to the calculations by the author) (in EUR per month)

The difference between the lowest and the highest average gross salaries in education and financial intermediation has remained the same as in previous year, reaching up to 3.6 times. The author of the paper is of the opinion that disproportions of that kind are unreasonably large and indicate the inability of state policy to carry out its priorities.

The wage increases between regions indicate the powerlessness of state regional policy. The different potential of Estonian regions has caused the differences between average gross salaries. E.g. the average gross salaries in the counties of Võru and Harju differed 1.65 times in 1997 and almost 1.73 times in 1999 (see: table 1). The author thinks that actual differences in the incomes of employees are even bigger since the statistical data expresses only the gross salaries of primary jobs and the divi-



dends are neglected altogether. Many countries have implemented large-scale developing and supporting programmes in order to diminish the differences caused by uneven regional development. According to wage statistics, Estonian regional policy is practically non-existent and has caused uneven regional developments.

Table 1

**The average gross salary of full- and part-time employees by counties in III quarter of 1997 and 1999 per month**

(Estonian Statistical Data, 1999: 48; Estonian Statistical Data, 1997: 23; author's calculations) (in EURO-s per month)

County	Average gross salary		County	Average gross salary	
	1997	1999		1997	1999
Harju	<b>268</b>	<b>336</b>	Põlva	177	200
Tallinn	277	342	Pärnu	182	224
Hiiu	175	207	Rapla	191	253
Ida - Viru	190	206	Saare	184	222
Jõgeva	175	209	Tartu	181	221
Järva	189	225	Valga	163	203
Lääne	186	199	Viljandi	168	200
Lääne - Viru	193	223	Võru	<b>163</b>	<b>194</b>

Successful companies often pay higher wages to their employees, thereby being the so called compensation leaders. This way, they guarantee themselves more qualified and resultant personnel and therefore also stronger competitiveness in the market. In case of compensation leaders, it often has to do with monopoly in either the whole economy or within a company that enables them to raise the price of the goods/services more freely and make the consumer pay for the expenditure. In Estonian economic practice, one may also detect the first signs of cartel agreements where high prices are maintained and high profits are achieved. The compensation leaders in Estonia are

mainly banks, insurance, legal aid and real estate companies, medical wholesale enterprises and others.

In formation of Estonian wage policy, it is necessary to take into consideration, more than before, requirements stated in the European Social Charter. This includes several articles and sections dealing with employment and compensation regulations, which corresponding Estonian laws do not still regulate sufficiently and application of which is a long term process. It is increasingly necessary to move quickly in the required direction and develop the legislation.

The fair remuneration of all employees unconditioned by sex and a pay that grants to the employee and their family humane standard of living is taken as self-evident in the European Social Charter (Euroopa ..., 1997: 4-7). Discrimination in the selection of jobs and the questions concerning working conditions and work safety have become vital problems also in Europe. Severe measures are used in counteracting these problems and legislation is being developed further.

Objective wage systems enable the companies to make progress in their activities, while a deficient wage system causes unreasonable labour expenditure and disproportion of employment. A fair wage system creates conditions for effective formation and employment of staff which guarantees successful functioning of organisations and ability to develop as a whole. In contemporary companies, much attention is paid to objectiveness and fairness of remuneration in development of wage policy. Payment for results in general presumes equal compensation to employees who perform similar jobs at the equal level. In reality, it is difficult to find "identical jobs", therefore it is often the case of comparing the incomparable.

Fair compensation is an abstract and practically non-achievable phenomenon, but nonetheless should be steadily aimed at. Employees suspecting the unfairness of compensation are not motivated and their morale is low. In order to avoid the above-mentioned problems, salaries are kept in secret which in turn leads to distrust and decreases the motivating effect of relatively

objective wage systems among employees (Stone, 1998: 447). Developing a fair system of compensation presumes more transparency and the co-operation of employees. Only then it is possible to develop wage systems accepted by employees and achieve optimal and fair agreements in the process of compensation.

Compensation fairness within an organisation consists of pursuing concordance between work results and the compensation paid for it. Systems are created within organisation that guarantee acceptable connections between employees' work performance and compensation. Such systems motivate work processes, encourage employees to improve themselves and diminish the dissatisfaction with work. The employees are well informed about the work processes, as a result the fairness of compensation within organisation is even more important than comparing the compensation received for similar performance in other organisations. The difference in competitive power and opportunities can also explain the discrepancies.

The open compensation system presumes that the principles of the system are public and the employees are included in the processes of appraisal of work results and compensation. However, this is hindered by Estonian labour legislation, primarily by Compensation Law that prohibits revealing the salaries. According to the author, "the secrecy period" in Compensation Law that enabled to quickly develop new and remarkably more differentiated wage systems in organisations, is almost over. Change is required, for example, in sections 3 and 4 from § 8 in Compensation Law, which states the following: the employer has no right to reveal the data about the employees' salary without his or her permission and the employer has the right to make public the salaries of the employees' group, consisting of at least five employees (Compensation Law, 1994).

Unfortunately, Estonian, European and American business practice favours secrecy. Secrecy in compensation is sometimes favoured because it enables managers to misuse their authority and exploit the subjective compensation system that just cannot

be made public. However, secrecy also has its positive sides. For example, many employees are interested in their wages being kept secret, for they consider it one of the main constitutional rights. In addition, a great number of managers consider secrecy in compensation still useful, explaining this opinion by practice in the private sector and stating that salary is employees' private business and not for making public. Managers also state that secrecy helps to differentiate between salaries and pay considerably more attention to the job performance of an employee.

Secrecy diminishes employees' motivation and dedication to work. Under secrecy conditions, employees have doubts about their salary being in correspondence with work performance and therefore they do not exert themselves as much as in the case of exploitation of open and objective remuneration by results systems. Even relatively high salaries or considerable wage increases do not diminish employees' suspicions about their compensation being unfairly low and someone receiving undeservedly high compensation. (Stone, 1998: 447; Steers, 1994: 222-223) Secrecy intensifies also the spreading corruption in Estonia, which subsequently impairs activity and competitive power of the organisations.

Unfortunately, most organisations prefer secrecy. In case of secrecy, the decisions made by the executives are not known and it enables to use whatever criteria to determine the compensation. Apparently, in only 18% of organisations the managers knew the compensation of their superiors or peers (Bureau, 1990: 21). Hence, an open compensation system is more of an exception than a rule.

However, in the United States and Canada, for example, publicly traded firms have to reveal the annual compensations of their five most highly paid executives. It is clear that when the distribution of pay is common knowledge then the managers tend to make less marked pay distinctions. Nevertheless, when there is no information available about the distribution of

wages, it can create unfavourable perceptions of the pay system. (Baron: 294-295)

In order to achieve equity and participant satisfaction, the employees should be informed about pay policies and levels. Merit systems often have motivating effects only when employees know how effort is turned into reward. The open compensation system, on the other hand, reveals individuals' compensation on demand, and this approach is always exploited in the case of the public sector. (Fisher: 588) Only the open compensation systems based on work performance management can "bear" a detailed investigation by employees and enable the managers to reason their decisions about compensation.

At the same time, entirely open compensation systems should also be avoided, because these require detailed explanation of differences in compensation that often requires a lot of time. Therefore a partial secrecy system might be considered the most suitable. In case of the partial secrecy system, the main principles of performance appraisal and compensation should be public, however, for example, the quantity of paid bonuses via the so-called leader fund could be kept secret. Future prospects of open compensation systems are generally better, because they enable management to develop an effective work environment and motivate employees to improve the work results and themselves. In the section below, various principles of the open performance and compensation system are discussed and analysed.

## **2. Performance management and compensation in an organisation**

Performance appraisal has been considered a painful annual event where the manager evaluates the performance of employees. It was rarely linked to the overall mission and program of the organisation that were designed to maximise human effort. Performance appraisal system, however, should create a link between organisational and personal goals; shape and change organisational culture towards result-driven climate (Grote,

2000: 2-3). Performance appraisal is today an essential part of organisational life, for it helps to justify besides compensation differentiation, for example, promotions, demotions, selection validation and terminations (Longenecker 1999: 18-19).

Modern organisations that are based mainly on mental work require universal employees whose goals should be skilfully made congruous with the goals of the organisation and its subdivisions. Therefore, there is a need to change the appraisal systems remarkably more result oriented than so far. In the situation where it is difficult to establish concrete tasks and to appraise their accomplishment, performance management is replacing performance appraisal. This means transition from appraising work effectiveness to managing work effectiveness (Sparrow, 1998: 119–121). Modern organisations develop compensation systems that are based on performance management. Performance management is a remarkably broader concept than performance appraisal and its object is to improve organisational, functional, sub-divisional and individual performance by linking the above mentioned fields into a whole (Stone, 1998: 266).

During the employees' appraisal their performance is determined, this is one of the most decisive components of personnel appraisal and the compensation system. Performance appraisal enables to determine whether the employees' performance is in correspondence with established objectives and it is primarily based on the appraisal of employees work results and activity (behaviour), also potential (skills, abilities and characteristics). To determine the performance, diverse appraisal methods and their combinations are used. During the appraisal process primarily work results are valued that create preconditions for their improvement in the future and enable to differentiate the compensation by on one hand diminishing equalisation and on the other hand increasing fair compensation. With the determination of work results, several problems occur that are due to the change towards more dynamic and universal tasks and as a result of which it is not always possible to determine the work results and compare them. The emphasis on individual work

results also reduces the sense of teamwork and undermines the interests of a group as a whole. (Coughlan, 1999: 355-357; Yager, 2000: 48-51)

The advantages and disadvantages of different appraisal criteria cause their balanced usage. For example, the appraisal systems of several known British companies are based on skills and competence, behavioural traits and outputs from the job. As work is very diverse by its nature and it lacks objective measures in more than 1/3 of cases, it is difficult to establish concrete objects for work and make them congruent with individual interests. Therefore, British companies exploit distinct appraisal criteria simultaneously, increasingly valuing, for example, cooperation (Sisson, 1994: 484-485). Performance appraisal criteria has to be on one hand relevant, reliable and justly measurable, and on the other hand tightly linked to the objects of the organisation and its subdivisions. Such criteria are relatively difficult to find and in consequence the best result is achieved through balanced combination of distinct criteria.

Personnel appraisal presupposes the appraisal system, incl. the development of appraisal criteria and methods that depending on the appraised object might be very distinct. This in turn presupposes discussions between the leaders and employees of the organisation and reaching in common agreement about the basis of appraisal. The appraisal system presumes its acceptance by employees, because then employees accept and value its positive feedback and by this enabling to link their work objectives with organisational goals.

Performance appraisal is one of the most significant prerequisites of effective formation and employment of personnel and enables better motivation, development and compensation of personnel. Appraisal enables one to obtain information about the work peculiarities and work results. Leaders and executors, as well as organisation as a whole, need such information. They all require feedback about their performance. Feedback should be extensive, in other words 360°. Such appraisal systems were first applied in academic circles for appraising leaders by sub-

ordinates and later already in many world-wide known companies, such as IBM, FORD et al (Maurer, Tarulli, 1996: 238). Employees' performance appraisal and feedback about it enables them to enhance their self-evaluation and sense of security, pursue deserved work and compensation and improve their activity. The results of the performance appraisal are vital compensation criteria and enable its efficiency.

Payment by results is an effective form of labour compensation by which employees are paid according to their performance. Objective performance appraisal should not concentrate on evaluating employee's personal traits, but their job performance towards goals and it should be the basis for determining compensation (Nelson, 2000: 39-40).

The system of payment by results is based on the performance and aims to achieve the fixed goals of the organisation. It is one of the components of labour compensation, based on extra bonuses for the resulting work. Payment of bonuses presupposes performance of higher capacity and quality from that of demanded or an essential activity for organisation, for example, working at unsuitable times (e.g. during a day off). Payment by results presupposes the examination of organisational activity and the creation of detailed information system, also the establishment of clear principles of work motivation and compensation proceeded from goals.

In case of payment by results, concrete work criteria are established which requires precise measuring and evaluation of accomplishment. Payment by results presumes objective appraisal of work performance (Cole, 1997: 249). Only the use of fair and measurable criteria enables to determine fair compensation, strengthen the connection between the results and payment and thus increase the motivation of the employees (Baron, 1999: 277-278). The method's efficiency of application depends on the choice of criteria for performance appraisal and their connection with work, which is usually first of all the amount and quality of the concrete work in different segments of activities and various financially measurable indicators. It is



possible to rely on the above mentioned indicators also during the appraisal and compensation of the academic staff of higher educational institutions, that will be dealt with in the next paragraphs of the article.

### **3. Performance management in European universities and colleges**

Appraisal and management of performance has recently attracted much attention in European universities and colleges. With increase in the number of students, total costs have risen and, with limited state funding, there is fierce competition for money among various social services, therefore we must turn much more attention to the quality of performance and total quality management (TQM) in higher educational institutions. TQM has been adopted by a wide range of manufacturing and service organisations. Higher education is one major service sector that has been slow in transition into quality management. Universities and colleges have generally had a superficial awareness of TQM (McCarthy, Keefe, 1999: 185).

In addition, Gatfield, Barker and Graham (1999: 239-241) claim that in the last decade the issue of quality has become a significant subject and will continue to be one of the predominant points of debate in higher education. The pursuit of quality is driven by consumer demands for increased standards and performance, and by the needs for organisational excellence. In higher education, the principal method of determining quality has been the managerial approach. However, in recent years there has been rising interest in quality as perceived and determined by the consumer. Hence, it is important to determine the needs and quality demands of international and full-fee paying postgraduate students, for they provide universities with money.

Job performance is not necessarily related to academic standards — universities (colleges) must establish procedures to monitor the quality of graduates. This can be done through formal survey processes or informal feedback. For example the

evaluation of the education in different universities and colleges does not flesh out the reasons why some companies prefer particular graduates. It may be because certain companies need to hire individuals that have received training in a particular academic field. Improving the quality of graduates begins with acknowledging the position of graduates in the labour market and also the demands of possible employers.

Higher education management is linked to the programme of the Organisation of Economic Co-operation and Development in Europe. In reviewing national systems of quality assurance for the OECD a number of purposes postulated for such systems and mechanisms were found (McNay, 1997: 71):

- to ensure accountability for the use of public funds;
- to improve the quality of higher education provision;
- to stimulate competitiveness between institutions;
- to check the quality of new institutions;
- to assign institutional status, especially in diversified systems;
- to transfer authority from the state to institutions;
- to make international comparisons.

The three key functions of higher educational establishments are teaching/advising, research and service. Higher educational establishments continually need to re-evaluate course offerings, testing/grading procedures, admission requirements, student services, and the employee skills and personal traits required by hiring firms (Willis, 1999: 997).

There may be a focus on particular stages of the education process (McNay, 1997: 73-74):

- on input e.g. quality/qualification of staff, curriculum design, nature of students recruited, resources for books, computing, equipment and materials;
- on processes e.g. approaches to teaching, integration of teaching and assessment, student involvement, feedback;
- on output e.g. qualifications of students, employment rates, staff publications.

Quantitative data such as exam pass rates, citation levels for research articles, cost per graduate etc. may be available. In other cases, survey data from students or employers might be collected. The more criteria presented, even without rigid detailed scoring scales, the better the evaluation will be. Statistical performance indicators should inform judgement, not replace it.

Quality of performance in higher educational institutions would also include placement of graduates. Quality of universities' (colleges') placement includes surveying of students about their satisfaction with placement services. The final measure of performance quality of a placement system is the percentage of students who are placed in appropriate positions quickly after graduation (i.e. within 6 months). Quality of placement could also include the number of positions offered and average compensation levels (Mergen, 2000: 345).

Quality of performance in teaching at the higher educational institutions would include measures such as alumni feedback that consists of several questions, for example: What were the most helpful courses? What was least beneficial? What do you need more of? (Ibid, 2000: 345) Teaching does not include only what is done, but how it is done. The possible approaches to teaching and learning should be established with keeping in mind the desired outcomes. Quality of performance in teaching requires that the higher educational institutions prepare the students for their first position as well as provide the basis for performance in future positions.

Part of the quality of performance is to maintain an awareness of the needs of the customer and to have the ability to build on strengths and eliminate weaknesses. Understanding the personnel needs of business employers is necessary because it enables to make the assessment and enhance the quality of the college (university) graduates. The challenge to universities is to produce graduates who meet the requirements of potential employers (Willis, 1999: 997).

Quality of teaching depends on the qualifications and research potential of the academic staff. Research outputs, as well as successful teaching, are expected of everyone, additionally they help to keep one's employment. This is also important for the future success of a university, as it helps to attract students of different levels. Hence, following new performance targets became important (Pratt, 1999: 49-50):

- the number of doctoral students;
- the number of graduate students;
- the number of MBA students;
- the number of research contracts;
- publications.

Additionally, it is important that the academic staff believes in the necessity of research and higher degrees to get promoted and they know that adequate support will be available for research. Furthermore, the research points schemes were often worked out in order to support and encourage the academic staff (ibid., 1999: 51).

#### **4. The survey of salaries of academic staff in Estonian higher educational institutions.**

The survey of salaries of the academic staff in Estonian higher educational institutions enabled to estimate the wage differentials in this sector. The administrative staff's gross average salaries were dealt with in author's earlier work (Türk, 2000: 453-461; Türk, 1999: 377-380; Muru, Türk, 1999). Special questionnaires were sent out to the personnel departments of Estonian higher educational institutions, whose anonymity was guaranteed in the case of reply. 17 institutions returned the questionnaires and most of them wanted to remain anonymous. 14 institutions presented the complete data about both the academic and administrative staff:

University of Tartu	Estonian Centre for Marine Education
Tallinn Technical University	Tartu Theological Seminary
Tallinn Pedagogical University	Tartu Teacher Training Seminary
Estonian Agricultural University	Virumaa College
Estonian Institute of Humanities	Tartu Medical College
Estonian Academy of Music	Tallinn Medical College
Estonian National Defence Academy	Institute "Studium I"

In the present article only the three biggest higher educational institutions will be investigated in more detail (all of them also teach economics): University of Tartu, Tallinn Technical University and Estonian Agricultural University. All higher educational institutions mentioned above are state universities. Unfortunately, several private higher educational institutions, which are important providers of economic education in Estonia, refused to participate in the survey.

The survey of wages enabled to find out the average base salaries and also the bonuses of the academic staff (see: table 2). The results of the research showed that the average basic salaries in the main positions of academic staff (professor, associate professor, lecturer, assistant, teacher, and researcher) differ approximately two times in various higher educational institutions. The greatest differences appeared in salaries of professors (1.9 times). The differences in the average basic salaries of associate professors, lecturers and teachers are smaller — 1.5 times.

Such discrepancies also exist, and continually increase, in Europe and in the USA. For example, gaps between the salaries of public and private colleges and universities are widening in the United States. Academic staff at public universities earns far less on average than their counterparts at private institutions. The higher compensation will eventually attract the best lecturers and professors and create a two-level higher education system in which one level is priced much higher and is indisputably superior in quality. According to Berg, for instance, full professors at New England public universities earned an average

66,455 USD per year in 1995, compared with 92,343 USD per year for professors at the region's private universities (A Faculty ..., 1997: 6). Similar tendencies can also be observed in Estonian universities and colleges, and even within the University of Tartu itself, especially in the faculty of Economics and Business Administration (see: table 2 and 3).

Table 2

**The average basic salaries (x/) and basic salaries with bonuses (/x) of the academic staff in Estonian higher educational institutions in 1998**  
(in EURO-s per month)

<b>Univer- sities Colleges</b>	<b>Professor</b>	<b>Associate Professor</b>	<b>Lecturer</b>	<b>Assistant</b>	<b>Teac- her, trainer</b>
x	343/346	296/296			254/259
x	385/458	319/361	253/279	208/230	212/233
x			218/231		
x	319/415	275/321	237/291	222/265	
x		270/270			222/224
x	413/448	337/353	271/276	237/237	200/200
x	319/413	266/320	222/247	201/201	183/199
x	438	339	283	244	233
x					223/238
x	447/543	377/396	288/319		
x	594/599	404/420	329/336	263/272	275/275
x	515/576	390/448	349/349		305/305
x					215/273
x	448/630	326/387	263/287	231/257	222/254
<b>Average</b>	422/492	327/357	271/291	230/244	231/246
<b>Max</b>	594/630	404/448	349/349	263/272	305/305
<b>Min</b>	319/346	266/270	218/231	201/201	183/199

In order to determine the total income salaries, also including bonuses, were asked about. From this data it appeared that the

professors' average bonuses in a university were approximately EUR 190 per month. Data showed that the associate professors might get bonuses of approximately EUR 60 per month, the rest of the academic staff (except researchers) get about EUR 25 per month. The differences were biggest in universities of Tartu. In author's opinion, the wage differentiation, taking into account also the quantity of bonuses, is still not sufficient and does not motivate the lecturers to show top-level performance.

The survey on salaries of Estonian higher educational institutions showed that the basic salaries of the academic staff differed in different universities about two times. But the differences in the average basic salaries of the administrative staff were even greater. The greatest are the differences in salaries of managers, but these differences are evidently caused by the different size of the universities and by its different role in Estonian educational system.

Salaries of the academic staff are expectedly higher at the universities financed by the state that grants their competitive power at the educational market. We must confess that this research enabled us to find out only the average salaries and did not take into account the disproportion according to specialities. The above-mentioned differences will be discussed in the next paragraph of the article using the University of Tartu as example.

## **5. Performance appraisal and compensation in the University of Tartu**

The following section offers ideas for those seeking to improve research and publications performance in universities. A case study of the Faculty of Economics and Business Administration at the University of Tartu is exploited in order to promote the managerial decisions. The case study identifies the decentralised university management structure and leadership at the dean

level, which enables further development and increases the university's competitive power in the educational market.

From the annual report of the University of Tartu, compiled by the Science and Development Department, it is possible to obtain data concerning the academic staff (professors, associate professors, lecturers, assistants and teachers), the number of students, publications and the amount of work equal to one credit point. Unfortunately, official data about teaching done for one credit point in Open University are not available. In co-operation with the educational department, the author succeeded to determine the corresponding indices also in the Open University, which now enables to determine the work-load of one member of the academic staff more accurately (see: table 3).

Work compensation of the academic staff in the University of Tartu is carried out according to the remuneration directive in which the regulations of paying bonuses are also stated. Quality and efficiency of the process of teaching, quality of scientific research, results of innovation, efficiency of management activities, implementation of refresher courses, application of research and development contracts with partners of the university are taken into consideration in the process of evaluating the job efficiency. According to the above-mentioned regulations and the wage budget fund the faculties shape their policy of job compensation.

Comparison of average salaries of faculties indicates relatively high differences in wage levels (see: table 4) caused by the different capacity of privately paid teaching, the number of students per lecturer and the amount of credit points per lecturer (see: table 3).

In compensating the academic staff of the Faculty of Economics and Business Administration in the University of Tartu, the payment-by-performance system is exploited that is based on the implementation of objectives established by institutes and its subdivisions (chairs). The payment-by-performance system enables to determine the basic salary and bonus to each employee separately, depending on his/her performance.



Table 3

**The number of students and the number of credit points given by the member of the academic staff (lecturers) of the faculties in the University of Tartu**  
(Tartu ...,1999: 48, 55; data received from educational department, according to the calculations by the author)

Faculty of Tartu University	Number of students			The total number of lecturers	Number of students per lecturer	Number of credit points given			Number of credit points per lecturer
	Full-time	Open University	Total			Full-time	Open University	Total	
Faculty of Theology	185	8	193	7,5	<b>25,7</b>	4302	0	4302	<b>574</b>
Faculty of Law	538	271	809	28	<b>28,9</b>	14448	814	15262	<b>545</b>
Faculty of Medicine	1526	56	1582	205	<b>7,7</b>	31122	63	31185	<b>152</b>
Faculty of Philosophy	2294	138	2432	192	<b>12,7</b>	65574	98	65672	<b>342</b>
F. of Biology and Geography	859	0	859	55,5	<b>15,5</b>	19129	84	19213	<b>346</b>
F. of Physics and Chemistry	610	39	649	62	<b>10,5</b>	14607	155	14762	<b>238</b>
F. of Exercise and Sport Sciences	249	36	285	31,5	<b>9,0</b>	7071	23	7094	<b>225</b>
F. of Economics and Business Administration.	943	436	1379	40,5	<b>34,0</b>	26891	4620	33011	<b>778</b>
Faculty of Mathematics	497	4	501	52	<b>9,6</b>	15752	64	15816	<b>304</b>
Faculty of Social Sciences	1199	391	1590	51,3	<b>31,0</b>	34260	0	34260	<b>668</b>

Table 4

**The average salaries of the lecturers of the different faculties in the University of Tartu**  
(in EUR per month)

Faculty	Average salary		Professor	Associate Professor	Scientific Researcher	Lecture, Major Assistant	Assistant
	1998	1999					
Faculty of Theology	380	509	x	x	–	394	–
Faculty of Law	496	635	1368	x	510	608	328
Faculty of Medicine	358	450	715	446	357	374	298
Faculty of Philosophy	319	416	643	378	448	286	258
Faculty of Biology and Geography	312	454	665	424	377	298	x
Faculty of Physics and Chemistry	316	427	660	411	339	324	287
Faculty of Exercise and Sport Sciences	277	433	x	402	304	275	200
Faculty of Economics and Business Administration	562	697	1206	619	–	475	316
Faculty of Mathematics	352	483	720	400	346	357	x
Faculty of Social Sciences	400	496	729	473	510	387	x

Note: The average salaries of the staff positions with less than 5 persons are marked with x.  
According to Estonian Compensation Law this data should not be made public.

Payment of bonuses presupposes performance of higher capacity and quality from that of demanded and/or an essential activity in organisation, for example the accomplishment of management task, working at unsuitable times (e.g. during a day off), working in Open University etc.

Increment (bonus) is appointed to regular members of the academic staff usually once a year on the basis of the performance of previous period and within the boundaries of the institutes' budget fond, and also in accordance with remuneration regulations. The total salary of an employee consists of basic salary, increment compensation of management, and increment for resulting performance. Head of the institute may on the basis of development conversation correct the performance appraisal according to the qualitative appraisal of not considered aspects of performance. The specific methods of integrated figures of the performance appraisal and its changes are as a rule confirmed by the faculty committee at least one year before their application and the rules are made accessible to all members of the academic staff.

At the same time, the number of articles per person has increased several times, from 2,2 publications in 1996 to 7,5 publications in 1999.\* Therefore, since 1997 the number of publications per person in the Faculty of Economics and Business Administration has been several times bigger than in any other faculty in Tartu University (see: table 5). At present, the aim is to stimulate and encourage the publication of research works in internationally accepted editions. This objective is also supported by the system of performance appraisal, which gives an increased number of points for the publications issued in peer-reviewed international journals.

---

\* This number includes all publications. The number of articles in peer-reviewed international journals is still low compared with others faculties (especially in natural sciences).

Table 5

**The total number of publications and the number of publications given by the member of  
the academic staff (lecturers) of the faculties in the University of Tartu**

(Tartu ...,1996: 103; Tartu ...,1997; Tartu ...,1998: 75; Tartu ...,1999: 82, according to the calculations by the author)

Faculty of Tartu University	Total of publications				Publications per person			
	1996	1997	1998	1999	1996	1997	1998	1999
Faculty of Theology	16	25	30	27	1,6	2,8	2,5	2,3
Faculty of Law	108	97	117	53	2,8	3,2	3,8	2,0
Faculty of Medicine	437	482	401	440	1,6	2,0	1,6	1,8
Faculty of Philosophy	578	775	856	464	2,9	4,9	3,7	3,8
Faculty of Biology and Geography	357	449	562	454	3,1	5,0	4,9	4,0
Faculty of Physics and Chemistry	296	205	225	237	2,5	2,2	2,1	2,4
Faculty of Exercise and Sport Sciences	116	129	102	104	3,5	4,6	3,6	3,5
Faculty of Economics and Business Administration	<b>115</b>	<b>333</b>	<b>297</b>	<b>309</b>	<b>2,2</b>	<b>7,2</b>	<b>6,9</b>	<b>7,5</b>
Faculty of Mathematics	102	172	123	166	1,5	2,6	1,8	2,6
Faculty of Social Sciences	91	148	242	250	1,4	2,5	3,6	3,8

During the quantitative measurement of performance the quantity and quality of work is appraised mainly in three categories: teaching in full time study programs and Open University; research and publications; management tasks. The evaluation process of publications is based on their content, place of publication and volume. Only the publications of the last three years are taken into account. The management tasks are evaluated according to their capacity and level of responsibility.

In assessing the volume of teaching (workload) it is divided into auditory and individual work. Auditory work consists of the lectures; seminars and tests held according to timetable and volume foreseen in the curriculum. There is one lecture group, and the seminar groups consist usually of at least 20 students. Individual work comprises preparation for the teaching, the supervision of all kinds of research papers, and also the work concerning exams, credit tests and other forms of control. There exist exact instructions for considering the individual work – they include the amount of time provided for various activities. For example: for the supervision of research paper and thesis (bachelor paper) there is provided respectively 6 and 12 hours. The quality of teaching in the Open University is appraised according to the questioning of students.

The average salaries in the Faculty of Economics and Business Administration in the University of Tartu are relatively high. At the same time, the average work capacity of academic staff exceeds significantly the work capacities of academic staff of other faculties of University of Tartu. This can be seen both by the number of students per lecturer as well as by the amount of credits given during the course (see: table 2). The wage differential among academic staff in the Faculty of Economics and Business Administration is large. It is caused by large differences in work contribution and as a result of this the received sums of credit points differ several times among the members of the academic staff, who have the same qualifications. For example the maximum and minimum sums of points of professors differ from each other 1.4 times (see: table 6). The same

figure for associate professors and lecturers is respectively 4.1 and 4.4 times.

Even bigger differences exist amongst different fields of work. For example the average sum of points deserved by professors for publications during the last three years fluctuates from 535 points up to 2283 points and the same figures of associate professors show even bigger differentiation (see: table 6). It is evident from the table that the professors who are productive in research are engaged in less teaching and vice versa. It is also natural in every respect, because it enables professors to implement their larger knowledge more effectively.

Table 6

**The performance appraisal of professors of the Faculty  
of Economics and Business Administration in the  
University of Tartu in 1999**  
(sum of points)

Lecturer	Re- search	Teaching Full-time Students	Teaching in Open University	Mana- gement Tasks	Job Perfor- mance
Professor	1766	432	436	<b>200</b>	2833
Professor	<b>535</b>	877	936	400	<b>2748</b>
Professor	1477	655	249	400	2781
Professor	1331	<b>908</b>	<b>1430</b>	<b>200</b>	<b>3869</b>
Professor	<b>2283</b>	<b>290</b>	184	<b>800</b>	3557
Professor	2112	317	<b>180</b>	400	3009
A. Pro fessor	<b>2452</b>	<b>432</b>	378	200	<b>3462</b>
A. Pro fessor	<b>131</b>	862	453	<b>0</b>	1446
A. Pro fessor	737	685	566	200	2188
A. Pro fessor	505	<b>1005</b>	267	200	1977
A. Pro fessor	444	852	668	150	2114
A. Pro fessor	465	685	<b>1231</b>	200	2581
A. Pro fessor	682	747	47	<b>0</b>	1476
A. Pro fessor	139	619	38	50	<b>846</b>
A. Pro fessor	998	787	426	<b>600</b>	2811
A. Pro fessor	272	848	245	200	1565
A. Pro fessor	359	487	<b>0</b>	<b>0</b>	<b>846</b>

The average salaries of members of the academic staff with different qualifications at the Faculty of Economics and Business Administration differ significantly less than their sums of credit points. For example the differences between maximum and minimum salaries of professors, associate professors and lecturers are correspondingly 1.8, 2.5 and 2.5 times. Although the difference in absolute values is big, it is still not sufficient in the case of associate professors and lecturers who have so different work results.

The system of performance appraisal has enabled the academic staff of the faculty of Economics and Business Administration to increase their work results. For example, the number of publications has increased approximately three times in the second half of the 1990s (see: table 7). At the same time, the remarkable decrease in the number of research publications during the period from 1997 to 1999 has been caused by the standards becoming more strict and demanding. Many publications that were considered academically acceptable up to 1997 were regarded as popular-scientific in 1999 and were no longer accepted as research publications.

The number of points given to the academic staff has risen considerably during recent years, and this is directly related to the new system of performance appraisal. For instance, the sums of points given for research to professors have in average increased three times, which indicate a considerable growth in work effectiveness. Additionally, also the entire sum of credit points has risen for the above- mentioned employees. Only one out of seventeen cases experienced a decrease in the quality and sum of credit points for research during the last three years (see: table 7).

The Faculty of Economics and Business Administration received the highest appraisal results in comparison with other Estonian universities and colleges that teach economics. The evaluation of the MBA program and the research that was carried out in the end of the year 2000 by international evaluation expert teams most fluently approved this. The MBA program

received full accreditation and research activities were respectively considered excellent (Joint ... , 2000a; Joint ... , 2000b).

Table 7

**The performance appraisal of professors of the  
Faculty of Economics and Business  
Administration in the University of Tartu  
(sum of credit points)**

Lecturer	Research			Job Performance (total number of points)		
	1995	1997	1999	1995	1997	1999
Professor	992	1703	1766	2101	2785	2833
Professor	134	482	535	769	1847	2748
Professor	423	808	1477	1086	1756	2781
Professor	677	702	1331	1425	1884	3869
Professor	638	823	2283	1250	1686	3557
Professor	1377	2421	2112	1840	3171	3009
A. Professor	394	1434	2452	1301	2378	3462
A. Professor	9	512	131	597	1484	1446
A. Professor	306	498	737	830	1508	2188
A. Professor	263	676	505	955	1564	1977
A. Professor	137	397	444	872	1096	2114
A. Professor	158	255	465	930	908	2581
A. Professor	7	48	682	757	768	1476
A. Professor	325	131	139	1044	642	846
A. Professor	364	970	998	897	2310	2811
A. Professor	69	386	272	1015	1061	1565
A. Professor	76	323	359	294	772	846

Both expert teams also approved the credit point system exploited by the Faculty of Economics and Business Administration, and suggested its utilisation also in other universities, colleges and institutions that are concerned with the field of economics. All of this emphasises the importance and necessity of the system of performance appraisal that improves the research and teaching of the academic staff.



## **CONCLUSION AND POLICY RECOMMENDATIONS**

The problems of performance management, set in the paper, can be solved by refuting the erroneous stereotypes about job performance and compensation in the Estonian public sector, and by following the principles stated in European and American practice and modern compensation theories. Therefore, it is important to develop long run programmes in order to bring out the unreasonable differences in payments for different economics activities and the differences in payments for job positions.

The legislation of compensation should be improved and better adapted according to the viewpoints prevailing in Europe. Estonian Compensation Law has to be updated, job compensation must be made more public and the open compensation system has to be granted in the public sector. This in turn diminishes corruption, social dissatisfaction and misapplication of power, accompanying the secrecy in compensation. Furthermore, it is necessary to avoid the increase of minimum wages in different positions in the public sector, as it prevents the differentiation of salaries and paying by results in state institutions. Payment according to the results has to be directly related to the system of performance appraisal and has to be objectively explicable.

According to the statistical data, the fields of economy with the lowest and highest average gross salaries in 1999 were hotels, restaurants, agriculture and hunting on the one hand, and financial intermediation, electricity, gas and water supply on the other hand. The fields of economy with the highest income in 1997 remained the same, while the field of economy with the lowest gross salary was education (EUR 133 per month). The average gross salary in the field of education has increased 26% and has reached the level of EUR 180 per month, and thus, has

taken the 4<sup>th</sup> lowest place. Therefore, some progress in state policy in advancing the education has been achieved. For example, at the same time the average salary in financial intermediation has increased to EUR 164 per month, which is almost the same as the average salary in the field of education.

The survey of salaries of the academic staff in Estonian higher educational institutions enabled to estimate the wage differences in this sector. The survey on wages provided average base salaries and also the bonuses of the academic staff. The results of the research showed that the average base salaries on the main posts of the academic staff differ approximately two times in various higher educational institutions. The salaries of the academic staff are as expectedly higher at the universities financed by the state. That also grants their competitive power at the educational market.

From the annual report of the University of Tartu, it is possible to obtain data on the academic staff, the number of students, publications and the amount of work equal to one credit point. Comparing the average salaries of faculties indicates to relatively high differences in wage levels caused by the different capacity of privately paid teaching, the number of students per lecturer and the amount of credit points per lecturer. The average salaries in the Faculty of Economics and Business Administration in the University of Tartu are relatively high. At the same time, the average work capacity of the academic staff exceeds significantly the work capacities of the academic staff of other faculties of the university. This can be seen from both the number of students per lecturer as well as from the amount of credits given during the course.

In compensating the academic staff of the Faculty of Economics and Business Administration in the University of Tartu the payment-by-performance system is used, which is based on the implementation of objectives established by institutes and their subdivisions (chairs). Increment is appointed to regular members of the academic staff usually once a year on the basis of the performance of previous period. The increment has to be

appointed within the boundaries of the institutes' budget fund and in accordance with remuneration regulations. The total salary of an employee consists of basic salary, increment compensation of management, and increment for performance.

In quantitative measurement of performance, the quantity and quality of work and is appraised mainly in three categories: teaching in full time study programs and in Open University; research and publications; management tasks. The wage differentials among the academic staff in the Faculty of Economics and Business Administration are large. It is caused by big differences in work contribution and as a result of this the received sums of credit points differ several times among the members of the academic staff, who have the same qualifications.

The average salaries of members of the academic staff with different qualifications at the Faculty of Economics and Business Administration differ significantly less than their sums of credit points. The maximum and minimum salaries of associate professors differ, for example, 2.5 times, but the sum of points differs 4 times.

The system of performance appraisal has enabled the academic staff of the faculty of Economics and Business Administration of the University of Tartu to improve their work results. The evaluation of MBA and research that was carried out in the end of the year 2000 by international evaluation expert teams most fluently approved this. MBA received full accreditation and research activities were respectively considered excellent. The Faculty of Economics and Business Administration received the highest appraisal results in comparison to other Estonian universities and colleges that teach economics. Both evaluation expert teams also approved the credit point system exploited by the Faculty of Economics and Business Administration, and suggested its utilisation also in other universities and colleges that are concerned with the field of economics. At the same time, already new objectives and goals have been set for further improvement of the performance. At present, the aim is to

stimulate and encourage the publication of research works in internationally accepted editions.

In the author's opinion, the exploitation of the following should be considered in Tartu University:

1. The competence of deans in performance management and compensation matters, as well as the application of objective, fair and public compensation systems, should be increased and stimulated in the university. In order to diminish the subjectivity of compensation, there should be developed compensation systems that are objective and in accordance with job performance.
2. The results of the performance appraisal are crucial criteria of compensation and grant the work efficiency of the academic staff. For this reason, during the measurement of performance, the quantity and quality of work has to be appraised mainly in three fields: teaching, research and publications, and management tasks. The foremost objective sources of the quality of teaching are the results of student surveys and these should be used regularly.
3. The differentiation of salaries among the academic staff in the Faculty of Economics and Business Administration is significant. This is caused by big differences in work contribution and considerable point discrepancies both in research and teaching. Therefore, the differences in compensation are objectively explicable, and should be also continually exploited in the future.
4. The system of performance appraisal and compensation has considerably increased the work efficiency of the academic staff as well as bettered the quality of teaching and research. This shows clearly the importance and necessity of the system of performance appraisal and should be therefore used in the entire university.
5. The different compensation criteria of the academic staff and the determined proportions of teaching and science in chairs and among lecturers should be followed. Additionally, it is important to avoid the excessive orientation to the indicators of quantitative work results, as this has brought about the

disproportionate growth of the workload and has speeded up the burnout of the lecturers. Hence, the criteria of performance appraisal and their weight should be changed and developed depending on objectives set.

## REFERENCES

1. "A Faculty Salary Gap" *New England's Journal of Higher Education & Economic Development*, Vol. 12, Issue 2, 1997, pp. 6-9
2. Baron, J., Kreps, D. "Strategic Human Resources" John Wiley & Sons, 1999
3. "Wage and Salary Administration" Bureau of National Affairs. U.S. Government Printing Office, 1990
4. Cole, G. "Personnel Management: Theory and Practice" Ashford Colour Press, 1997
5. Coughlan, R. "Toward a Conflict-free Compensation System: Lesson in Hospitality" *Business & Society Review*, Vol. 104, Issue 4, 1999. pp. 355-366
6. Eamets, R., Philips, K., Annus, T. "Eesti tööturg ja tööpoliitika" Tartu Ülikooli Kirjastus, 2000
7. Estonian Statistical Data. Vol. 11 (71), Tallinn, 1997
8. Estonian Statistical Data. Vol. 11 (95), Tallinn, 1999
9. "Euroopa Sotsiaalharta" Galandrex, 1997
10. Fisher, C., Schoenfeldt, L., Shaw, J. "Human Resource Management" 4th ed. Houghton Mifflin Company, 1999
11. Gatfield, T., Barker M., Graham, P. "Measuring Student Quality Variables and the Implications for Management Practices in Higher Education Institutions: An Australian and International Student Perspective" *Journal of Higher Education Policy & Management*, Vol. 21, Issue 2, 1999. pp. 239-260
12. Grote, D. "Public Sector Organizations" *Public Personnel Management*, Vol. 29, Issue 1, 2000. pp. 1-20
13. Joint Final Report. Business Administration (Master) – Tartu University, Economy and Business Administration. Higher Education Quality Assessment Centre of Estonia, 2000.

14. Joint Final Report. Research Field Assessed – Tartu University, Economy and Business Administration. Higher Education Quality Assessment Centre of Estonia, 2000.
15. Longenecker, C., Fink, L. “Creating Effective Performance Appraisal” *Industrial Management*, Vol. 41, Issue 5, 1999. pp. 18-26
16. Martin, H., Schumann, H. “Die Globalisierungsfalle. Der Angriff auf Demokratie und Wohlstand. Rowohlt Verlag” GmbH, 1996
17. Maurer, T., Tarulli, B. “Acceptance of Peer / Upward Performance Appraisal Systems” *Human Resource Management*, Vol. 35, Issue 2, 1996
18. McCarthy, P.M., Keefe, T.J. “A Measure of Staff Perceptions of Quality-Oriented Organizational Performance: Initial Development and Internal Consistency” *Journal of Quality Management*, Vol. 4, Issue 2, 1999. pp. 185-195
19. McNay, I. “Strategic Planning and Management for Higher Education in Central and Eastern Europe” Center of Higher Education Management, 1997
20. Mergen, E., Grant, D., Widrick, S. “Quality management applied to higher education. Total Quality Management” Vol. 11, Issue 3, 2000. pp. 345-353
21. Muru, L., Türk, K. “Eesti kõrgkoolide akadeemilise ja administratiivpersonaliga palgaturu uuring” Ankeetküsitluse tulemused. Tartu, 1999
22. Nelson, B. “Are Performance Appraisal Obsolete” *Compensation & Benefits Review*, Vol. 32, Issue 3, 2000. pp. 39–41
23. *Palgaseadus*. RT, I osa, nr. 11, Tallinn, 1994
24. Pratt, M., Margaritis, D. “Developing a Research Culture in a University Faculty” *Journal of Higher Education Policy & Management*, Vol. 21, Issue 1, 1999. pp. 43-57
25. Raudjärv, M. “Regionaalpoliitika mõnedest aspektidest” *Economic Policy of the Republic of Estonia and the European Union*. Tallinn, Tartu, 2000, pp. 281-296
26. Sisson, K. “Personnel Management: a Comprehensive Guide to Theory and Practice in Britain” 2nd ed. Blackwell, 1994

27. Steers R. M., Black J. S. "Organizational Behavior" 5th ed. Harper Collins College Publishers, 1994
28. Sepp, J. "Riik, turg ja rahvamajanduse konkurentsivõime" Economic Policy of the Republic of Estonia and the European Union. Tallinn, Tartu, 1999. pp. 279-289
29. Sparrow, P., Marchington, M. "Human Resource Management. The New Agenda" Pitman Publishing, 1998
30. Stone, R. "Human Resource Management" 3rd ed. John Wiley & Sons, 1998
31. Tartu Ülikooli 1998. aasta aruanne. Tartu Ülikool, 1996
32. Tartu Ülikooli 1998. aasta aruanne. Tartu Ülikool, 1997
33. Tartu Ülikooli 1998. aasta aruanne. Tartu Ülikool, 1998
34. Tartu Ülikooli 1998. aasta aruanne. Tartu Ülikool, 1999
35. Türk, K. "Employment and Wage Policy in Estonia" Economic Policy of the Republic of Estonia and the European Union. Tallinn, Tartu, 1999. pp. 372-382
36. Türk, K. "Töötasustamispoliitika ja töösoorituse juhtimine Eesti kõrgkoolides" Effectiveness of the Economic Policy of the Republic of Estonia and the European Union. Tallinn, Tartu, 2000. pp. 453-461
37. Willis, T. H., Taylor, A. J. "Total Quality Management and Higher Education: The Employers' Perspective" Total Quality Management, Vol. 10, Issue 7, 1999. pp. 997-1008
38. Yager, E. "Leaders Don't Appraise People" Enterprise, Vol. 29, Issue, 2000. pp. 48-61



## KOKKUVÕTE

### Töötasustamispoliitika ja töösoorituse juhtimine Eesti kõrgkoolides

Avaliku sektori juhtimisel on vaja kasutada senisest enam turumehhanisme ja äriettevõtlusele omaseid juhtimisvõtteid. See on võimalik ja vajalik eelkõige valdkondades, kus on olemas konkurents. Tõhusad mehhanismid tuleb välja töötada ja rakendada ka kõrgharidusturu reguleerimiseks ja kõrgkoolide juhtimisel. Avaliku sektori kõrghariduspoliitika on väljakujunemisejärgus, tuues kaasa vajaduse ratsionaalselt ja riigi võimalusi arvestavalt ühildada era- ja riiklike kõrgkoolide poolt antavat haridust. Sel teel püütakse parandada avaliku sektori organisatsiooni ja töökorraldust ning tõhustada kõrghariduse andmist. Käesoleva artikli eesmärgiks on uurida Eesti kõrgkoolide, sh. eelkõige Tartu Ülikooli majandusteaduskonna töötasustamispoliitikat, tuginedes töösoorituse juhtimise ja töötasustamise kaasaegsetele teooriatele ja praktikale ning pakkuda välja soovitusi selle arendamiseks.

Käesolevas artiklis käsitletakse haridustöötajate keskmisi palku ning võrreldakse neid teiste majandussektorite keskmiste palkadega. Eesti statistika andmetel oli 1999. aastal madalaima ja kõrgeima keskmise brutopalgaga majandussektoriteks ühelt poolt hotellid ja restoranid (2254 krooni kuus) ja põllu majandus ja jahindus (2483 krooni), ning teiselt poolt finantsvahendus (10 088 krooni) ja energeetika, gaasi ja veevarustus (5446 krooni). 1997. aastal olid kõrgeima sissetulekuga majandussektorid samad, madalaima palgaga sektoriks oli aga haridus. Hariduse keskmine brutopalk on kahe aastaga tõusnud 26 % ja ulatub 2815 kroonini kuus, olles keskmise palga poolest tagant poolt neljas majandussektor. Kuigi madalaima ja kõrgeima keskmise palga erisus hariduse- ja finantsvahenduse töötajatel

jäi enam vähem samale tasemele (3,6 korda), tuleb täheldada haridussfääri rahastamise mõningast edenemist Eestis.

Kaasaegsete firmade töötasustamispoliitika kujundamisel pööratakse suurt tähelepanu selle objektiivsusele ning püütakse tagada töötasustamise õiglus ja suhteliselt suur avalikustatus. Õiglane töötasustamine on küll abstraktne ja saavutamatu nähtus, selle suunas tuleb aga pidevalt liikuda. Õiglased ja avatud töötasustamissüsteemid võimaldavad töötajaid paremini tööle motiveerida, end arendada ja vähendada tööga rahulolematust. Põhjendatud ja töötajate poolt aktsepteeritud töösoorituse hindamise ja töötasustamise süsteem loob eeldused personali efektiivseks kujundamiseks ja rakendamiseks, mis tagab lõppkokkuvõttes organisatsiooni kui terviku eduka tegevuse ja arenguvõime. Tulemustasustamise süsteemi rakendamine eeldab konkreetsete tööalaste kriteeriumite valikut ja nende vastastikust tasakaalustatust. Üksnes organisatsiooni eesmärkidega kooskõlas olevate ja mõõdetavate kriteeriumite (faktorite) kasutamine võimaldab töötajate töösooritust objektiivselt hinnata ning luua tugeva seose tulemuse ja tasu vahel.

Eesti kõrgkoolide palgaturu uuringus selgitatakse välja 14 Eesti kõrgkooli, sh. kolme juhtiva ülikooli akadeemilise personali keskmised palgad. Selgus, et erinevate kõrgkoolide akadeemilise personali peamiste ametikohtade keskmised põhipalgad erinesid teineteisest ligi kaks korda. Õppejõudude/teadlaste palgad olid suhteliselt kõrged riigi poolt finantseeritavates ülikoolides, mis tagab nende juhtiva rolli ja konkurentsivõime haridusturul. Erialaste erisuste väljaselgitamiseks käsitletakse uurimuse lähemalt Tartu Ülikooli teaduskondade õppejõudude/teadlaste töötasusid ning võrreldakse ka nende töökoormusi. TÜ teaduskondade keskmiste palkade võrdlemine näitab suhteliselt suuri erisusi palgatasemetes, mis on tingitud eelkõige õppejõudude erinevast arvust ühe üliõpilase kohta, ühe õppejõu poolt antud ainepunktide arvust ja tasulise õppe erinevast mahust.

Üksikasjalikult uuritakse Tartu Ülikooli majandusteaduskonna õppejõudude tulemustasustamise süsteemi, mille aluseks on ühtne tööpanuse (töösoorituse) hindamise süsteem. Viimane

põhineb instituutide ja õppevahendite eesmärkidel, mida vastavalt vajadustele aeg-ajalt korrigeeritakse. Tulemustasustamise süsteem võimaldab määrata igale õppejõule olenevalt tema tööpanusest põhipalga ja lisatasu. Lisatasude maksmine eeldab kehtestatud nõuetest mahukamat ja kvaliteetsemat tööd nii õppe kui teadustöös ning organisatsiooni jaoks olulist tegevust, näiteks juhtimisülesande täitmist. Teadustöö hindamisel võetakse aluseks kolme viimase aasta publikatsioonid, arvestades nende sisu, avaldamiskohta ja mahtu. Õppetöö kvaliteedi hindamisel avatud ülikoolis tuginetakse üliõpilaste regulaarsetele hinnangutele, kelle hulgas on palju edukaid ettevõtjaid, juhte ja spetsialiste. Niisugune tagasiside võimaldab arvestada haridusturu nõuetega ja reageerida kiiresti Eesti majanduse ja ettevõtluse praktilistele vajadustele.

TÜ majandusteaduskonna õppejõudude keskmised palgad on suhteliselt kõrged. See on tingitud õppejõudude suurest töökoormusest (ühe õppejõu kohta olevate üliõpilaste ja õppetöö käigus antud ainepunktide arv), mis ületab märgatavalt ülikooli teiste teaduskondade vastavaid näitajaid. Ka õppejõudude palgade teaduskonnasisene diferentseeritus on suur, mis on tingitud aga väga erinevast tööpanusest (punktisummast). Näiteks professorite minimaalne ja maksimaalne punktisumma erinevad teineteisest 1,4 korda, dotsentide ja lektorite vastavad näitajad erinevad aga isegi üle nelja korra. Veelgi suuremad erisused on erinevate hindamiskriteeriumide (töövaldkondade) lõikes. Näiteks publikatsioonide eest saadud punktisumma kõigub professoritel 535 punktist kuni 2283 punktini ning dotsentidel 131 punktist 2452 punktini.

Eelnevale tuginedes väidame, et õppejõudude/teadlaste töötasustamisel tuleb kindlasti arvestada nende konkreetsete töötulemustega (tööpanusega). Õppejõudude perioodilisest atesteerimisest ja töökohale valimisest jääb väheseks, sest see ei motiveeri neid tõhusalt tööle kogu valimisperioodi jooksul. Seepärast on vaja hinnata ülikooli õppejõudude tööpanust (töösooritust) igal aastal ning vastavalt hindamise tulemustele diferentseerida nende töötasud. Töösoorituse hindamise kriteeriumid tuleb seostada ülikooli, teaduskonna ja õppevahendi eesmärkidega

ning töötada selleks välja objektiivsed ja tasakaalustatud hindamissüsteemid, järgides õppetöö ja teadustöö kehtestatud proportsioone nii instituutides kui ka õppetoolides.

Uuringu tulemused viimase viie aasta kohta näitavad, et töösoorituse hindamine ja tulemustasustamine TÜ majandusteaduskonnas on oluliselt suurendanud õppejõudude töövilja kust ning tõstnud õppetöö ja teadustöö kvaliteeti. Seda kinnitavad ka 2000-nda aasta lõpus läbiviidud rahvusvahelised ekspertiisid ärimagistri (*MBA*) ja teadustöö atesteerimise kohta, kus TÜ majandusteaduskond sai kõrgeima hinnangu (*full accreditation, excellent*), sh. ka võrreldes Eesti teiste majandusharidust andvate ülikoolide ja kutsekõrgkoolidega. Kõik see on suurendanud majandusteaduskonna konkurentsivõimet Eesti majandusharidusturul. Autori arvates oleks otstarbekas rakendada majandusteaduskonna kogemust ka ülikooli teistes teaduskondades ja kõrgkoolides, mis eeldab juhtide töösoorituse hindamise ja töötasustamise alase kompetentsuse tõstmist ning objektiivsete, õiglaste ja avatud tulemustasustamise süsteemide välja töötamist ja rakendamist.