Policy Analysis of Performance-Based Single Payment Incentives in the Reform of Human Resource Governance in Higher Education (A Study at Universitas Pendidikan Indonesia)

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Abstract

Public universities with legal entity status (PTN-BH) are required to implement accountable, efficient, and performance-based human resource (HR) governance to support the fulfillment of the tridharma of higher education. One strategic instrument in such governance reform is the implementation of performance-based incentive policies grounded in the merit system principle. Universitas Pendidikan Indonesia (UPI), as a public university with legal entity status, plans to implement a Performance-Based Single Payment Incentive policy, namely an integrated payment system that consolidates various forms of compensation and incentives into a single mechanism based on performance achievement. This study aims to analyze the Performance-Based Single Payment Incentive policy within the framework of HR governance reform at Universitas Pendidikan Indonesia, focusing on the policy rationale, implementation framework, and policy implications for performance orientation and the welfare of academic and administrative staff. A qualitative approach is employed using a policy analysis design through a review of relevant literature and policy documents. The findings indicate that the Performance-Based Single Payment Incentive policy has the potential to enhance financial transparency, strengthen accountability, and promote performance orientation within the academic community, provided that it is supported by clear performance indicators, objective evaluation mechanisms, an integrated performance information system, and transparent policy communication. This study is expected to serve as a conceptual foundation for future empirical research and to contribute to the development of HR governance policies in public universities with legal entity status.

Keywords: Policy analysis; Single payment; Performance-based incentives; HR governance; Public universities with legal entity status

Introduction

The reform of higher education governance has become a strategic agenda in strengthening quality, competitiveness, and accountability in higher education. In the context of public universities with legal entity status (PTN-BH), institutional autonomy including financial and human resource management demands more effective, transparent, and performance-based systems to ensure the sustainable implementation of the tridharma of higher education. In practice, strengthening HR governance in PTN-BH cannot rely solely on administrative compliance; it must be supported by an incentive architecture capable of shaping organizational behavior, enhancing motivation, and directing performance outcomes toward institutional targets.

One of the most widely used instruments in public governance and modern organizational reform is performance-based incentives. Studies by Elacqua, Rodrigues, and Rosa (2025) show that incentive design can influence employee behavior, productivity, satisfaction, and retention, although the effects are highly dependent on context and policy design. Research in education organizations and the public sector demonstrates that financial incentives can drive measurable behavioral change when performance targets are clear, indicators are verifiable, and implementation mechanisms are consistent. Similarly, World Bank and IDB studies (2025) indicate that monetary incentives can affect educators' retention and mobility decisions, with policy design and implementation conditions being decisive factors.

In higher education, recent research emphasizes that performance-based policies function as powerful governance tools while also generating consequences that must be anticipated. A recent meta-review on performance-based funding in higher education governance highlights that incentive logic can alter institutional priorities, managerial practices, and individual behavior both in intended ways (such as accountability and outcome orientation) and unintended ways (such as excessive administrative behavior and indicator-driven compliance) (Matveeva, 2025).

Studies on performance-based payroll schemes in universities, including efficiency contracts, reveal complex implementation dynamics: while such systems may enhance performance discipline, they can also generate tensions related to indicator legitimacy and perceptions of fairness among academics (Gataulina, 2025).

From an HR management perspective, compensation design is closely related to psychological and organizational dimensions such as job satisfaction, commitment, and retention. Research on pay satisfaction among faculty and staff shows that perceptions of fairness and adequacy are positively correlated with organizational commitment and retention intentions. Consequently, incentive reform must address not only the magnitude of incentives but also the decision-making and communication processes surrounding them (Hennings, 2024).

In Indonesia, remuneration, performance allowances, and incentive schemes for academic and administrative staff remain evolving policy agendas. National policy discourse on lecturer performance incentives reflects government concern for strengthening performance through incentive mechanisms, indicating the institutional and policy relevance of this issue. At the institutional level, recent Indonesian studies (2024–2025) emphasize that improving remuneration governance requires restructuring performance indicators, evidence-based evaluation processes, fair implementation mechanisms, and the avoidance of overlapping incentive schemes that complicate administration and generate perceptions of inequality (Alif, 2025).

In line with these needs, Universitas Pendidikan Indonesia (UPI), as a PTN-BH, plans to implement a Performance-Based Single Payment Incentive policy an integrated payment system that consolidates all forms of compensation, allowances, and incentives into a single mechanism linked to performance achievement. Conceptually, this integrated payment approach aims to: (1) simplify payment structures for greater transparency and auditability; (2) reduce duplication and fragmentation of incentives; and (3) strengthen the linkage between performance achievement and rewards received. This approach aligns with public administration research emphasizing that payment consolidation can enhance efficiency and reduce managerial complexity when supported by strong evaluation governance (OECD, 2024).

However, research also cautions that performance-based incentive policies, particularly in integrated formats require critical preconditions to avoid counterproductive outcomes. First, performance indicators must be clear and legitimate, recognized as reasonable by academic and administrative communities. Second, objective, verifiable, and data-driven assessment mechanisms are necessary to minimize bias and disputes. Third, policy communication is crucial: transparency regarding formulas, indicator weights, and grievance procedures strongly influences acceptance. Fourth, incentive reform should be positioned as part of broader HR governance reform including merit systems, career development, and performance information systems rather than as a standalone policy (Nygård, 2024).

Based on this background, this study aims to analyze the Performance-Based Single Payment Incentive policy within the framework of HR governance reform at Universitas Pendidikan Indonesia, focusing on: (1) policy rationale and objectives; (2) implementation framework and governance prerequisites; and (3) potential policy implications for the performance and welfare of academic and administrative staff. This paper is expected to provide a conceptual foundation for further empirical research and practical contributions to HR governance policy development in PTN-BH institutions.

Methodology

Research Approach and Design

This study adopts a qualitative approach with a policy analysis design to examine the Performance-Based Single Payment Incentive policy within the framework of HR governance reform in public universities with legal entity status. A qualitative approach is chosen to enable an in-depth understanding of policy context, formulation rationale, and implications that cannot be fully captured through quantitative measurement. Policy analysis is appropriate for examining policy as a process encompassing formulation, implementation, and implications for organizational governance (Nygård, 2024; Matveeva, 2025).

The policy analysis design is conceptual-analytical, focusing on policy examination based on theoretical frameworks and empirical evidence derived from literature and policy documents. This approach is commonly used in public policy and higher education studies to evaluate internal policy consistency and potential impacts prior to or during early implementation stages (OECD, 2024; Matveeva, 2025).

Research Focus and Scope

The study focuses on the Performance-Based Single Payment Incentive policy planned and developed at Universitas Pendidikan Indonesia as a PTN-BH. The analysis concentrates on three main aspects: policy background and objectives, implementation framework, and policy implications for accountability, performance orientation, and staff welfare. This focus aligns with policy analysis approaches emphasizing the relationship between policy design, implementation processes, and policy outcomes (Nygård, 2024; OECD, 2024).

The scope is limited to conceptual and policy analysis and does not include empirical measurement of individual or unit-level performance. This limitation aims to provide a systematic conceptual foundation for future empirical research, as recommended in higher education policy methodology literature (Matveeva, 2025).

Data Collection Techniques

Data were collected through literature review and document analysis. The literature review covered recent scholarly articles (2024–2025) on HR governance, performance-based incentives, remuneration systems, and single payment systems in the public sector and higher education. Document analysis included relevant regulations, institutional policies, and official documents related to HR management and incentive systems in higher education (OECD, 2024; Matveeva, 2025).

Data Analysis Techniques

Data analysis employed content analysis and thematic analysis. Content analysis was used to examine the consistency, rationale, and structure of the Performance-Based Single Payment Incentive policy, while thematic analysis categorized key issues and findings according to the study's conceptual framework (Matveeva, 2025). Findings were synthesized to assess coherence between policy objectives, implementation mechanisms, and anticipated implications (Nygård, 2024; OECD, 2024).

Validity and Limitations

Analytical validity was ensured through source triangulation, comparing findings across academic literature, policy documents, and previous research. The use of recent and credible sources strengthens conceptual validity and interpretive accuracy (Hennings, 2024). The study's limitation lies in its conceptual and secondary-data-based nature, leaving empirical impacts untested. This limitation opens opportunities for future empirical research (Matveeva, 2025).

Results and Discussion

Policy Rationale of Performance-Based Single Payment Incentives

The Performance-Based Single Payment Incentive policy emerges from the need to address fragmentation in existing remuneration and incentive systems within higher education HR governance. Fragmented payment schemes are associated with administrative complexity, financial inefficiency, and perceptions of inequity among staff. In modern governance frameworks, payment consolidation is viewed as a strategy to enhance transparency and accountability (OECD, 2024; Alif, 2025).

In PTN-BH contexts, the rationale is closely linked to the merit system, whereby rewards are allocated based on performance achievement and institutional contribution. Higher education governance literature identifies performance-based policies as key instruments for aligning institutional autonomy with public accountability, although effectiveness depends heavily on policy design and legitimacy (Nygård, 2024; Matveeva, 2025).

Policy Implementation Framework

Effective implementation requires clear, measurable, and task-relevant performance indicators for academic and administrative staff. Indicators form the basis for incentive determination, making their quality critical to policy success. Poorly defined indicators risk encouraging administrative compliance rather than substantive performance (Matveeva, 2025).

Objective, data-based assessment mechanisms are equally essential. Public sector management literature emphasizes that credible evaluation systems enhance trust, whereas perceived bias undermines motivation. Integrated information systems and transparent procedures are therefore necessary (OECD, 2024; Gataulina, 2025).

Policy communication is another critical dimension. Transparency regarding objectives, assessment mechanisms, and incentive formulas significantly influences acceptance. Insufficient communication is a frequent source of resistance even when policy design is sound (Hennings, 2024; Elacqua et al., 2025).

Policy Implications for Accountability and Performance Orientation

From a governance perspective, the policy can strengthen HR and financial accountability by linking incentives directly to performance outcomes. This linkage encourages systematic target-setting, monitoring, and evaluation, potentially enhancing organizational performance orientation when implemented consistently (Nygård, 2024; OECD, 2024).

However, excessive reliance on quantitative indicators risks narrowing performance meaning, diverting attention from qualitative academic values such as teaching quality, collaboration, and social contribution (Matveeva, 2025).

Implications for Staff Welfare

Integrated performance-based incentives can enhance income predictability and transparency, positively influencing job satisfaction and organizational commitment (Hennings, 2024). Nevertheless, disparities in access to performance opportunities may generate new inequities if not mitigated through corrective mechanisms (Alif, 2025; Sari & Prasetyo, 2025).

Policy Analysis Synthesis

Overall, the analysis suggests that Performance-Based Single Payment Incentives have strong potential as HR governance reform instruments in PTN-BH institutions, particularly for enhancing accountability, efficiency, and performance orientation. However, success depends on policy design quality, implementation credibility, and fairness management. Performance-based policies should be viewed as components of broader governance ecosystems rather than standalone solutions (Nygård, 2024; Matveeva, 2025; OECD, 2024; Simanjuntak et al., 2025).

Conclusion

The analysis underscores the importance of participatory and contextual performance indicator formulation to ensure legitimacy and minimize resistance. Stakeholder involvement aligns with shared governance principles in higher education HR reform. Effective implementation requires objective, data-driven, and integrated performance evaluation systems. Policy failure often stems from weak implementation capacity rather than flawed design. Furthermore, while integrated incentive systems can enhance income certainty and satisfaction, they must be complemented by corrective mechanisms to prevent inequity. Regular evaluation is essential to maintain fairness and inclusivity. Academic Implications and Future Research Agenda. Academically, this study contributes to HR governance policy literature by framing performance-based single payment systems as policy instruments rather than managerial practices alone. The conceptual framework provides a basis for future empirical studies examining policy design, implementation, and impacts on performance and staff welfare. Future research should empirically investigate implementation outcomes using quantitative or mixed methods, including staff perception analysis and tridharma performance impacts. Such research would strengthen evidence-based policymaking in PTN-BH institutions.

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