

4 April 2004. Presentation to ACU Conference, Stellenbosch, South Africa

Thank you My name is Keith Thomas I am Director of Human Resources at Aston University in Birmingham

Just to give you some indication as to what we are where we are, here are some pictures of our campus. its very much a city centre campus we are a relatively small technological university around 7,000 students located on the out skirts of Birmingham City Centre we have four schools of study Engineering and Applied science, Languages and European Studies, Life and Health Sciences and by far the biggest School the Aston Business School, this is just a picture of the Birmingham city centre regenerated city centre trying its best to throw of an image of a decaying industrial city in the Midlands with I have to say some degree of success.

I wanted to talk to you today briefly about a Higher Education Funding Council for England initiative called the Rewarding and Developing Staff Initiative and I have called this short presentation “Puppeteering or Strategic lifeline”. That sounds a little pretentious, but what I’m really asking in the title is whether the concept of having ring fenced funding to kick start or stimulate any activity, but in this case an improvement in Human Resource Management in Higher Education, is something that should be welcomed by Universities because it enables us, the practitioners, to lift the status and contribution of Human Resource Management from the operational and administrative, to having a key strategic part to play in the overall objectives of the institution,

Or, as some would argue, should we be see such funding with strings as unjustified and unnecessary interference, a threat to the autonomy of Universities and yet further evidence of an obsession with micro management by the funding body.

The overall purpose of the additional funding was broadly to encourage or coerce (depending on your point of view), Universities do three things:

to assist in the ability to recruit, retain, reward and develop staff

to assist in the modernisation of many Human Resource Management processes in the sector as a whole and

thirdly, and critically for the Funding Council at least, to demonstrate so called “additionality” the use of the additional money for additional things something for something.

The initiative had its roots in the Dearing report, which was set up in 1996 to make recommendations on how the purposes, shape, structure size and funding of higher education should be developed to meet the needs of the UK over the following twenty years.

In terms of Human Resource Management, specifically, Dearing commented that:

“In order to deliver the overall vision of Higher Education a framework for employment that addresses quality stability diversity and flexibility in the recruitment and retention of staff was required. The current employment framework and the rather un-developed staffing policies of many institutions are a barrier to effective practice.”

Not particularly encouraging reading for the practitioners of HR in Higher Education.

Building on that, the “Independent Review of Higher Education Pay and Conditions”, chaired by Sir Michael Bett, which reported in May 1999, having looked at a range of issues from the national framework for negotiating pay and terms and conditions of service to the levels of pay for groups within the sector concluded:

“ That the management of people needs to be given greater priority at all levels of the Higher Education system and that governing bodies and senior managers of HE institutions need well planned people strategies along side academic and resource strategies.”

So here was a clear statement by an influential group, (I have to say that because Sir Michael was our Pro-Chancellor at the time), that Human Resource Management needed a more strategic approach within HE.

The Government's response as part of its Year 2000 Spending Review was to allocate additional resources over a three year period to help institutions recruit, retain and develop staff as well as help modernise management process in the sector. The amounts set aside were as you can see a relatively modest response to the Bett estimate of around 6% of total grant being required for such reforms, but never the less significant amounts, which would enable Universities to make real progress in a number of areas.

I list here some of the drivers:

An obvious but perhaps not articulated frequently enough is the belief that a University is a people reliant organisation. It depends on people to achieve at strategic objectives and At Aston 68% of our costs go on salaries

Secondly, for us in the UK, the ever increasing volume and complexity of employment legislation and codes of good practice, which influence our processes and policies

A very self interested view that we wish to be seen as a good employer and a good employer within an increasingly competitive labour environment, just to quote a couple of paragraphs from the Times Higher Educational supplement.

The first article is headed, "100 new chairs created in bid to lift research assessment exercise scores." More than 100 new chairs are being created by UK Universities in a multi million pound recruitment drive aimed at securing them top marks in the next research exercise assessment exercise. Some institutions are thought to be offering salaries in excess of £ 70,000 to secure the best people.

The Second one is headed "Senior Staff Seek Big Rewards".

This article reports the outcome of a survey which reveals that amongst those questioned more than half regarded the remuneration package as the most important consideration when moving organisation. Long gone are the days when a strong social conscience was the basis for job satisfaction

Some of the other key issues forming the backcloth against which the Rewarding and Developing Staff Initiative is set relate to the changing nature of Higher Education and the consequent demands on staff.

Two or three I would particularly point to would be:

The increasing amount of external scrutiny and quality assessment of what universities actually do. Teaching is assessed and rated, research performance is periodically assessed through the research assessment exercises.

Second would be the rise in student consumerism - as students begin to pay more and more for the privilege of higher education, then their expectations of levels of service and quality increase accordingly.

The third would be the Governments continuing objective to increase the participation rate in Higher Education of 18 to 30 year olds to around 50% by the end of the decade, without necessarily increasing the unit of resource by an equivalent amount. That can be seen by the funding efficiency gains, where you can see that the real terms funding per student fell from £7.3k in 1989- 90 to around £4.7k by 1996 -97.

Well, the HEFCE Rewarding and Developing Staff initiative and the associated funding came with some strings. HEFCE were essentially saying here is some indicative funding , expressed as a proportion of total core grant.

This is not competitive funding, no bidding is required. In order to trigger the funding, we require from you an HR Strategy and Plan which:

Identifies objectives

Describes how the money will be spent

Sets specific targets

HEFCE said that it fully recognised the diversity of needs across the sector and, therefore, it was up to each institution to determine their priorities and how these would be tackled.

So far so good.

However, the strings came by way of the following:

Plans had to be approved by the funding Council

Institutions had to provide detailed reports on progress each year through the overall annual operating statement

And, best of all, although it was your plan, meeting your objectives, satisfying your needs; here, said HEFCE, are a set of six mandatory priority areas which must be addressed, since although great diversity had been recognised there was a view that these priority areas were uniformly poor across the sector

The Priority Areas were:

Strategy to deal with recruitment and retention difficulties in a targeted and a cost effective way.

A requirement for plans to provide specific proposals for Staff Development and in particular the development of IT skills and the development of senior managers.

Thirdly, to enhance and develop the work of Equal Opportunities including rather controversially as it turned out for us, as I'll go on to explain, the setting of Equal Opportunity targets and the implementation of institution wide job evaluation.

The next was the need to put in place methods for HR planning regular reviews of staffing needs and,

under priority area e, the need to have in-place performance reviews for all staff with rewards connected to the performance of individuals, including contribution to the teams.

And lastly, measures to combat to tackle poor performance.

So here were a whole raft of measures effectively imposed by HEFCE.

So what was the initial reaction on the part of my University well here are some of them:

Outrage was the first, a feeling that HEFCE was engaged in the micro management of Universities and essentially saying this your HR strategy your HR plan, but our rules apply

Some people also saw this as yet more evidence of initiative overload where funding for around 50 projects are currently running.

The next reaction was that the initiative appeared to be a somewhat blunt instrument and attempted to apply a fairly common and straight jacketed approach to all University situations.

The next one was a real issue for our University; the difficulty in convincing people that it might be possible to measure to quantify the outcomes of various activities; very much a feeling of we either can't measure it or we won't measure it. This was particularly true of the requirement to set targets for Equal Opportunities.

However, having got over some of these difficulties, we began to think about what we might be trying to do within an HR strategy or plan and very simply put, it would be an opportunity to formally recognise the contribution that staff make to the University strategic objectives and the activities that support the management, recruitment, retention development of staff, needed to be integrated into a planned approach.

Putting it another way, the particular strategic objectives of Aston University were to continue to be an institution characterised by:

high quality teaching and learning

high quality research as judged by the research assessment exercise.

a willingness to comply with the governments widening participation agenda but also an organisation, which was planning to become less reliant on HEFCE funding through the greater diversification of income, through entrepreneurship commercialisation of research etc.

The next few slides give an indication of some of the initiatives which we have developed in our HR Plan:

Looking, in particular, at priority area a: the recruitment and retention of staff in difficult areas, we have developed market pay supplements, which released us to some extent of the straight jacket of grading and fixed incremental scales associated with posts. We have introduced dowries for some academic appointments particularly at the professorial level these could be quite significant start up funds of about £70k to 80k over a three year period.

Having looked at the age profile of our senior staff, we have realised that we need to have some significant succession planning over the next five years in the light of the bunching of retirements.

Here we are funding overlap appointments of up to five years for some professorial posts.

And finally, for the first time I think, the systematic assessment of teaching loads across the University, through the development of an academic load model.

Under staff development we are developing a systematic development programme for senior managers and, as a result of a 4.5 million investment in the ICT infrastructure, supporting the overall strategic aim of repositioning Aston at the forefront of ICT we have invested significant resources in reskilling IT staff.

So how are we to know that all of these initiatives had some kind of beneficial or even the desired outcome in each case. HEFCE was suggesting that there should be five aspects to outcome targets they should be specific, they should be measurable, they should be agreed, they should be realistic and they should be time limited.

This is where it became much more difficult clearly it's much easier to talk in terms of processes and inputs or even output targets than to set outcome targets. Targets were required to assess the impact of any of these initiatives and were considered to be essential because they enable institutions to assess the impact of activities, demonstrate that the desired result had been achieved and determine any further

improvements needed and of course justify the additional funding provided

Some of the examples quoted by HEFC were related to reductions in staff turnover or absentism outcome targets in those areas could be things like attempting to reduce the turnover of IT staff from 25% to 12% by 2005, reducing absenteeism from an average of 12 days to 6 days per annum say by 2005 it was argued that these targets are smart and outcome based because they specify measurable improvements within a defined time scale, the scale and timing specified for each improvement must also be seen as achievable and realistic by the institution concerned.

The problems that we faced in trying to implement this approach fell into a number of categories the first was really a feeling that we didn't have sufficient information available to set meaningful targets we didn't have the base line of information in order to set improvement levels. Secondly, there was always a tendency to regard this process as simply satisfying HEFCE requirements and therefore a means to securing the money rather than actually setting targets that were meaningful, but also challenging for the institution. "Let's set an easy target, let's get the money and get on with things".

I guess the third one was the issue of causal connection. One example of this was the introduction of a visiting scholar's scheme, which was intended to provide funding, primarily to research groups within the University, to attract eminent scholars from abroad with a view to enhancing the outcome of the next research assessment exercise for those research groups. The uptake on this initiative was very high and the fund was rapidly oversubscribed.

Fine, very laudable, but how one might go about proving there was a causal connection between that particular initiative and the eventual outcome of the research assessment exercise 3/4/5 years down the track is needless to say very difficult. However, despite the difficulties, the plan was produced, the targets defined, the means of quantifying the effectiveness of the initiatives established and now we have a Plan, which of course we have to live up to!

One of the really challenging areas for setting targets was in the priority area that covered equal opportunities. The requirement to set

targets for the ethnic and gender composition of the staff groups revealed an interesting set of opinions within the University.

There was a genuine belief, I think, on the part of some senior colleagues that we should not be compelled to do this, because of course we were an equal opportunity employer, it was self evident, we are a University where after all thirty percent of our students are from ethnic minority groups and in terms of the appointment of our staff, we would not be prepared to go for targets because the only criterion for appointment was quality!

In respect of our gender mix, I remember pointing out to senior colleagues that out of 45 professors at the University only three were women. "We'll yes" came the reply, "but that's not our fault is it? They are not around to recruit are they?"

Look at engineering it's all the fault of the schools, girls do not want to get into engineering,

"Well what should we do"?

"Well tell HEFCE that we won't play ball we refuse to set targets which are meaningless and spurious."

" Maybe we could start to benchmark our start position against other similar Universities"

"No such thing came the reply every University is unique". Can't compare apples with pears"

"So what do we do "?

"Well send the money back: tell them we are an equal opportunities employer,"

"but how do we know that?" If we send the money back, we're sending back in effect around £2 million pounds and at the same time, I believe, damaging our reputation as a University and as an employer.

"Well if it's games play" said the Vice-Chancellor "lets set some targets tell them anything make sure there targets we can hit with ease".

Well, in the end, we didn't set meaningless targets; we tried to set realistic and challenging targets, but what is interesting about that particular debate is that the leverage through the rewarding and developing staff initiative was far greater than we could have applied without it and, therefore, progress in some respects has been made in spite of some of the attitudes of some of our senior colleagues and so we've moved from an initial situation where there was some resentment and suspicion of HEFCE'S motives, to a position in which a whole raft of initiatives have taken place.

Quoting from a report, which Deloitte & Touche produced at the end of 2002.

They stated that they had observed trends emerging that point to the evolution of Human Resource management from a transactional approach, focused on administration, to transformational approaches focusing more on strategy and change within the sector. There is also a great deal of evidence that the project funding has either kick started fundamental change in HR practice or speeded up implementation of planned initiatives, both with very positive impacts. However, they say it is to still to soon for the evidence to be available that indicates a causal link to sector performance as a whole and there in lies the continuing difficulty, I believe this will continue to be a learning process for a long time to come and we now find ourselves moving into a new world of HR metrics, benchmarking, staff attitudes surveys and all the other measures which will help us reflect on , review and increasingly, attempt to quantify the impact of HR management on the achievement of overall organisational strategic objectives.

Again a quote from the Deloitte & Touche report:

“ At the strategic level, it is still very difficult to make a robust evaluation of the impact of the funding stream, the line of causality will be the most difficult to trace between inputs, processes and outputs.”

Moving to our local experience at Aston, one has to say that despite an initial hostile reaction to what was considered to be an interventionist approach by HEFCE my University now has for **the first time** an HR Plan; it's a plan that has been reviewed and accepted by the governing body, the Council.

The University 5 Year Strategic Plan, for **the first time**, includes a section on the Human Resource Plan. Schools and Departments within the University are now actively engaged, for **the first time**, in looking at HR plans as part of their five year strategic planning process.

HR issues are now dealt with by a second -tier Committee of the University Council, the Personnel and Employment Committee. It therefore has equal standing with the Finance Committee.

As a direct result of having an HR strategy, the role of HR staff has changed; we now have designated Personnel Officers supporting the Schools of Study and Non- Academic Departments. Those Personnel Officers are no longer seen as remote centralists, they spend time in the areas they support, they become part of the daily life of the Schools of Study and Support Departments. They attend School Board meetings, School Management Committees. They attend and contribute to strategic planning days.

They are perceived to add value.

The HR Director is a full member of the Personnel and Employment Committee and as a designated Senior Officer of the University is in attendance at University Council meetings.

So, returning to the theme of this conference; "Does HR make a difference?"

Well, a number of things I wanted to conclude on.

Firstly is to say "yes" of course it makes a difference and now we are in a position to demonstrate more analytically that it makes a difference. What we've had, in reality, is a "kick up the backside"

from HEFCE, which although initially resented, has actually helped to raise the HR game from purely operational to the more strategic.

That's fine; however, the very last thing I'd like to say to you really tries to bring us all back to earth and remind us where our roots are. There seems to me, and perhaps its something to do with my age, that there is now almost an obsession within our profession for strategic respectability. A "seat on the Board" has become a search for the holy grail for many HR Directors, in all sectors.

I came across this publicity material for a publication called "Strategic HR Review", which seemed to sum this up. It exhorts us to:

"Pioneer change, "

"Push HR up the Corporate agenda."

"Learn about the new approach to measuring the value of the HR function in an organisation by using the people dash board."

"HR must drive not follow"

"Get inside the mind of Chief Finance Officer. When HR and Finance collaborate they can measure intangible assets and improve financial decisions."

"We show you how to understand and use human capital issues,"

Fine, I'm sure we would all aspire to that, even if we understood what it all means. But when I retire from my job I would want to be remembered not as some remote centralist developing strategies, no matter how good, but rather as a practitioner who has delivered on the field of play. I want to be remembered as part of a team which serves to "oil the organisational machinery", which mediates, applies the rules, acts as the guardian of good practice, provides personal support to managers and staff, enjoys the respect of the trade union officers, is seen as a source of good and professional advice, contributes to sense

of fairness and justice within the institution. There is nothing wrong with these contributions, they are activities we all undertake every day every week, they are second nature. It is, admittedly, very difficult to measure or quantify their cumulative effect, but without them the universities we work in would be very different places, and if HR does not fulfil these roles, who else in the organisation will?

Finally, Ladies and Gentlemen and I apologise to some colleagues for this particular sporting analogy, which I could not resist but every successful team needs both the strategist and the practitioner to make a real difference.