

**People counting people: Resourcing human resources in HE (0132)**

The attributes of being ‘business-like’ are commonly conflated with being ‘like a private business’ rather than being efficient (that is, achieving a good relationship between effort and resources expended and returns achieved). This is a product of neoliberal ideologies in which markets are seen as axiomatically efficient because of the disciplines that they supposedly exercise. Of course, the reality of business failure and collapse, so evident recently, suggests that being a private business does not, of necessity, engender efficiency.

Performance and financial pressures in universities globally have resulted in government exhortations for the sector to become more ‘business-like’ (Marginson 2007) – often described as achieving ‘value for money’. In neoliberal states this often manifests itself as universities becoming more like businesses (Boden and Epstein 2006, Scott 2000).

Universities which emulate private business are not necessarily efficient.

These pressures are manifested through contracting, target setting and quasi-market schemes such as competition for research funds through quality exercises. In the UK the introduction of significantly increased student fees will expose universities directly to market demands from students-as-customers following the government’s adoption of the recommendations of the Browne Review (Independent Review of Higher Education and Student Finance 2010).

In neoclassical economic terms, these marketised approaches *should* make universities leaner and more efficient in their utilisation of scarce resources, resulting in higher volumes and better quality ‘outputs’ of credentialised students and research products such as intellectual property. Indeed, university managers argue that this has happened, frequently pointing to ‘their’ university’s place in various league tables to demonstrate their ability to ‘sweat the assets’.

Managers claim to have achieved these ‘improvements’ via the effective deployment of a range of technologies of control, surveillance and audit. As the primary resource of universities is the academics who staff them, managers have sought technologies to enable them to maximise the potential of this human resource, and have turned to human resource management (HRM) – a set of techniques developed in the private sector. HRM is an inherently individualistic approach to managing people (Armstrong 2006; Storey 2001) that makes the ‘personnel’ function the concern of all managers (Armstrong 2006). HRM is predicated on the notion that, by integrating corporate and HR strategies and empowering line managers to motivate their staff through regular performance monitoring, individual

performance appraisals and the use of high commitment work practises, organisational performance will be enhanced. Reward schemes are designed to promote a strong identity with corporate goals and a range of individualised strategies are used, such as profit-related pay, performance-related pay and competence-based schemes (Waring 2007).

This orthodoxy belies a more complex reality. In the classical private firm the separation of ownership (shareholders) and control (managers) produces a governance dilemma – how can the owners ensure that the managers maximise efficiencies and thereby produce the best possible return on their investments? The moral hazards arising from the information asymmetries in such contexts engender governance regimes designed to prevent predation of firms' wealth by managers. The banking crisis in Europe suggests that such regimes are far from effective.

Universities have modelled themselves on private business, but have no readily identifiable and powerful class of actors analogous to shareholders. The public is the main 'investor' in universities, yet have only limited and flawed mechanisms for effective governance. Consequently, sometimes managers act against the perceived best interests of the public. For instance, a recent Quality Assurance Agency investigation uncovered serious operational shortcomings in the overseas validation activities of the University of Wales, leading the Welsh Education Minister to state that the university had brought the nation into disrepute (BBC News Online 2011).

Evidence is mounting of serious predation of universities by managers. The average remuneration of UK vice chancellors in 2010 was £254,000, more than five times the average academic salary of almost £47,000. More than 950 university staff, including all vice-chancellors, were paid more than the Prime Minister (Rowley and Paton 2011).

Whilst the productive workers of universities – the academics and librarians and laboratory technicians – are subject to ever-tightening regimes of accountability and surveillance, the managers who deploy those regimes are subject to remarkably little scrutiny of their efficiency and effectiveness. Whilst they can and do point to the relative positions of their universities in league tables as evidence of their performance, these give no hard or reliable evidence of the counterfactual (what *they* did to engender the improvement) nor the efficiency with which they worked. That is, could universities achieve the same results by spending far less on management? BPP (a private training provider and subsidiary of the Apollo corporation which operates the distance-learning Pheonix University) is currently in negotiation with ten UK universities to manage their 'back room' operations via outsourcing contracts, insisting that they can reduce costs by 25% (Shepherd 2011).

Over the past twenty years the number of non-academic staff – administrators, support-staff and business managers – employed by universities has increased dramatically (see for example Boden and Wright 2010). One substantial growth area is HRM (Waring 2010; Deem, Hillyard and Reed 2007). This paper starts to address the lacuna of hard data about

management costs and efficiency by starting with the HR function. Using data on the levels and costs of staffing HR departments in UK universities, we apply industry-standard HR staffing ratios (which indicate how many HR staff any particular organisation might need) to benchmark universities. This yields data on the costs of HR and the possible levels of over-staffing. This allows us to consider the extent of inefficiencies in this area. We then seek to explain, via an analysis of UK HE policy and governance theories, how this situation has arisen and what the prospects for rectifying it are.

### **References**

Armstrong, M. A Handbook of Human Resource Management (10<sup>th</sup>. ed.) Kogan Page London 2006

BBC News Online, story by Ciaran Jenkins. Leighton Andrews: University of Wales 'let Wales down' 22.6.2011

Boden, R and Wright, S. Follow the Money. An interim report on Danish university funding prepared for Dansk Magisterforening October 2010

Boden, R & Epstein, D. Managing the Research Imagination? Globalisation and research in higher education. Globalisation, Societies and Education 4 (2) July 2006, pp. 223-236

Deem, R; Hillyard, S & Reed, M. Knowledge, Higher Education and the New Managerialism. The Changing Management of UK Universities. Oxford University Press Oxford 2007

Marginson, S. The new higher education landscape: Public and private goods, in global/national/local settings IN Marginson, S. (ed) Prospects of Higher Educations. Globalization, Market Competition, Public goods and the Future of the University. Sense Publishers Rotterdam 2007

Rowley, T and Paton G. Row over hike in university vice-chancellors' pay. The Telegraph 21.1.2011

Scott, P. Globalisation and Higher Education: Challenges for the 21<sup>st</sup>. Century. Journal of Studies in International Education 4 (3) 2000 pp. 3-10

Securing a Sustainable Future for Higher Education. Independent Review of Higher Education and Student Finance, chaired by Lord Browne of Madingley 2010

Shepherd, J. Private university BPP launches bid to run 10 publicly funded counterparts  
Guardian 21.6.2011

Storey, J. Human Resource Management. A Critical Text (2<sup>nd</sup>. ed.) Thomson Learning,  
London 2001

Waring, MA. 'HRM in HE: People Reform of Re-Forming People?' IN Epstein, D; Boden, R;  
Deem, R; Rivzi, F and Wright, S (eds) The World Yearbook of Education 2008 -  
Geographies of Knowledge, Geometries of Power: Framing the Future of Higher  
Education. Routledge London and New York 2007

Waring, MA. Moments of Vision: HRM and the Individualisation of Academic Workers.  
Unpublished PhD Thesis, University of Wales 2010