Talent management for universities

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This paper explores human resource management practices in the university sector with a specific focus on talent pools and talent management more generally. The paper defines talent management in the context of the university sector and then explores its interdependence with organisational strategy, the metrics used to measure academic performance and current day-to-day management practices. The paper critiques the current situation for lacking a clear alignment between organisational strategy and how academic talent is recruited, developed, retained and rewarded. It is argued that talent management can provide a conceptual framework to enhance performance over the long term by coalescing a university's strategy with its performance metrics and day-to-day management systems.

Keywords: higher education, human resource development, human resource management, organisational structure, universities

Introduction

Strategic human resource management has been shown to be positively associated with the improved performance of a wide variety of for-profit and not-for-profit organisations (Delaney & Huselid, 1996). More recently, talent management has emerged as popular term to cover a wide variety of human resource management practices with a focus on talent pools and talent more generally (Lewis & Heckman, 2006). This paper discusses a more precise definition of talent management and explores its interdependence with organisational strategy, competitive environment and industry segment. In particular, we examine three key issues relevant to talent management within the university sector: alignment with strategy, alignment with performance metrics and alignment with management. Here our use of the term 'alignment' is intended to emphasise the critical role talent management can play in coalescing an organisation's strategy with performance metrics and the day-to-day management of staff. Without a clear strategy there is a lack of clarity about how staff can contribute towards the organisation's strategically important objectives. Without alignment, staff will be motivated, managed and rewarded towards outcomes that are either not strategically important or hinder strategically important objectives.

The paper focuses on the academic functions of the university (i.e., teaching and research) and so concentrates on talent management of academic staff. However, the implementation of talent management, like many of the fundamental systems and processes within a university, relies on the skills and expertise of professional administrators and academic managers. Therefore, a holistic talent management program should also recognise and reward talent throughout all academic, administrative and management roles.

Historical context

Over the last four decades, the Australian higher education system has undergone considerable change fuelled by social, economic and demographic pressures. Governments have played a significant role in these changes (Yielder & Codling, 2004). Educational policy now actively encourages young people to stay longer at school and to continue their education and training at

tertiary institutions, such as universities. This has led to a significant increase in the number of students attending universities. The associated increase in (overall) government funding for universities has subsequently led to demands for increased accountability. As a consequence, universities are moving away from traditional collegial structures and adopting more managerial approaches (Deem & Brehony, 2005; Gosling *et al.*, 2009). These approaches come with corporate models of governance designed to manage the 'business' in the face of increased competition and accountability (Jones *et al.*, 2012; Blackmore & Sachs, 2000). Some commentators note that such developments have resulted in a crisis of identity in the university sector (Drew, 2006; Winter, 2009; Yielder and Codling, 2004). This paper argues that a potential resolution to this crisis lies in the nexus between human resource management and organisational strategy. That is, universities need to move away from their current transactional human resources systems and critically re-examine organisational and managerial structures from a talent management perspective. In this way, not only must a university clearly identify and communicate 'big picture' objectives, it must also devise and implement efficient systems to achieve and reinforce those objectives (Drew, 2006).

What is talent management?

The term talent management is used in a wide variety of contexts and for a wide variety of purposes and so has no broadly accepted definition (Lewis and Heckman, 2006; Collings and Mellahi, 2009). Having argued this point, however, Lewis and Heckman (2006) and Collings and Mellahi (2009) develop frameworks for talent management that define it with explicit connections between talent and strategy and so view talent management as the 'architecture' required to develop and sustain competitive advantage. Specifically, they define talent management as an organisational system (or culture) that:

1. Identifies key positions that differentially contribute (add value) to the organisation's competitive advantage;
2. Develops a talent pool of high potential and/or high performing individuals to fill these positions; and
3. Develops human resource systems to facilitate the alignment of talented individuals, key positions and organisational strategy.

While the need to match the characteristics of top managers to the nature of the business has been known for some time (Schuler and Jackson, 1987), talent management explicitly acknowledges the importance of managing people and positions at multiple levels within the organisation (Lewis and Heckman, 2006). For example, by combining a labour market dimension (difficult to replace) and a customer-focused dimension (value-added) an organisation can concentrate on getting difficult to replace (i.e., talented) individuals into high value-added positions. In the university environment, this is complicated by the fact that there are multiple customers and stakeholders. Therefore, the value-added dimension needs to be specific to the particular position and function. For example, an undergraduate teaching position has to clearly add value to learning outcomes and student experience; while a research focused position needs to add value to the university's academic reputation and the societal impact of research outcomes.

Talent management also needs to be proactive and contribute towards the development of organisational strategy. In this way, an organisation's strategy can be aligned to the pool of talent already available within the organisation or be directly involved in the development and/or acquisition of the talented people required to implement a strategy (Drew, 2006). This focus on talent management as architecture offers a holistic, systems-level, perspective that is an important component of focused leadership (Goleman, 2013). Focused leadership expands on the concept of emotional intelligence (a focus on the emotions of self and others) with a focus on systems-level thinking; in this case, specifically the interaction between human resources management and organisational strategy.

It would be naive to think that there is one best solution to the talent management problem. Clearly, just as organisational strategy needs to be matched to the context of the industry and competitive environment (Hambrick & Fredrickson, 2001), so must talent management (Cappelli, 2008). Therefore, here we analyse three key issues related to talent management in the higher education (university) sector:

- Alignment with strategy: How do we identify the strategically important positions that are critical to the successful implementation of a university's strategy?
- Alignment with metrics: How do we identify, reward and promote the (talented) individuals that have the skills, experience and motivation required to perform well in these critical positions? and
- Alignment with management: How do we embed talent management into the day-to-day management of a university?

Talent management for universities

Universities around the world are facing increasing competition for both students and funding. To tackle these challenges, in countries like the UK and Australia, universities are being given more autonomy to operate in an increasingly deregulated market environment (Pellert, 2007). Talent management can be viewed as an appropriate framework to enable universities to transform their current transactional human resources systems into something that is strategically enabling. However, universities are fragmented and loosely coupled organisations focused on individualised performance (Pellert, 2007; Van Raan, 2005). Academics are also typically more strongly associated with their discipline than their university. Therefore, it is critical to consider talent management at both the university level, where the senior executives operate, and at the organisational unit level, where the academic supervisors, managers and heads of schools/departments operate. Indeed, it has been argued that heads of schools/departments play a critical role in balancing the requirements of effective administration whilst protecting academic autonomy and independence (Winter, 2009; Yielder & Codling, 2004). Indeed, both academic and managerial leaders (Yielder & Codling, 2004) are required to both elucidate and implement university strategy in their discipline.

From a talent management perspective, the importance of both teaching and research activities means that universities need to identify pivotal, high value-added, roles in both teaching and research.

Alignment with strategy

Traditionally, universities have undertaken two core activities: teaching and research. While there is no compelling evidence to support the argument that a university's research activities improve the educational outcomes of its undergraduates (Bradley *et al.*, 2008), research performance is the primary driver of global university rankings (Van Raan, 2005). Indeed, research quality is what separates top universities from their competitors in terms of public, industry and philanthropic funding (Goodall, 2009). University rankings also contribute to a university's reputation which, along with cost, is in an important factor that impacts student choice of study destination (Abbot & Ali, 2009). Teaching income, either in the form of upfront fees or public funding and loans, also forms a significant proportion of a university's operational budget, from which staff salaries and on-costs of all continuing staff are paid. Therefore, both teaching and research activities are critically important to a university's strategy and long-term success.

From a talent management perspective, the importance of both teaching and research activities means that universities need to identify pivotal, high value-added, roles in both teaching and research. Typically, at the university level there are deputy vice-chancellors for both academic (teaching) and research activities. This structure is then carried through to both the faculty and school/departmental level with associate deans and directors for both teaching and research. Clearly, these explicit leadership roles form the core of the pivotal positions required for the successful implementation of a university's strategy.

Given the discipline focus of academic staff and the fact that few academics have the breadth of skills to work in several disciplines (McCormack *et al.*, 2014), it is critical that talent management should not neglect other pivotal roles unique to the schools and departments. In addition, it is important to note that these roles may not be explicit leadership roles (Yielder & Codling, 2004). For example, the teaching of the large first and second year classes is important from both a financial and reputational perspective. Clearly, the sheer size of these classes defines their financial importance, but by maximising learning outcomes of foundational concepts and enhancing student retention within the discipline, they also critically underpin a university's reputation for teaching quality. In research, the pivotal roles are typically held by the senior academics who have world-class research reputations, are awarded large research grants and so supervise, mentor and enable the research of a large number of doctoral and post-doctoral researchers. Having talented individuals in these pivotal research roles not only has the potential to increase the scale of the research, by increasing research income, but also the quality of the research, through enhanced training and development.

Of course, not all university strategies are identical. Therefore, it is important for individual universities to identify additional roles critical to the implementation of their specific strategy. For example, this may involve the increased enrolment of under-represented ethnic or social groups or the focus on the development of particular skills sets such as leadership, communication or practical work-

place skills. Recently, a number of new roles have been developed, especially at the executive level, to manage emerging portfolios of strategic importance, such as international development and external engagement. While these are undoubtedly important activities for a university that (should) relate to high value-added roles, care needs to be taken to avoid any confusion and added complexity due to potential overlap with the core activities of teaching and research. That is, both teaching and research involve external engagement with both domestic and international partners, clients and stakeholders. Therefore, new roles such as these need to be clearly defined and their importance communicated in terms of the benefits that arise from creating these roles beyond the core activities of teaching and research. In addition, the propagation of these new roles down the university hierarchy needs to be carefully considered, especially considering that the talent pool may not have adequate depth at the lower levels.

Alignment with metrics

In universities, there is evidence that (highly-cited) expert leaders are associated with improved performance at the university level (Goodall, 2006). There is also evidence to suggest that this association may be causal, as on average the research quality of a university improves after it appoints a vice chancellor who is an accomplished scholar (Goodall, 2009). However, there are two points to note about this research: the indicator of research expertise measured for each vice chancellor (p-score) is their lifetime citation count normalised by average citations in their discipline area to reflect differing citation conventions in different disciplines; and university performance is measured via the academic ranking of world universities, which is heavily biased towards research performance (Van Raan, 2005). Therefore, it seems unlikely that talent management for universities is as simple as measuring an academic's lifetime citations and using this as the basis for recruitment, performance appraisal and promotion. Rather, this indicates the benefit of having an expert academic leader who has (amongst other things) a deep understanding of how universities operate, that informs their strategic thinking; enhanced prestige and credibility amongst their colleagues, that enables their leadership; an understanding of bibliometrics and peer review, that informs their data analysis; and demonstrated management skills developed throughout their career as a researcher leader (Goodall, 2006).

Metrics are both important and commonly used in universities (Van Raan, 2005). For example, using a standard survey, McCormack, Propper and Smith (2014) demonstrate that universities score more highly than manufacturing firms and hospitals in the setting and cascading of targets throughout the organisation. This reflects the high level of benchmarking within the university sector and the widespread use of incentives, which also highlights the importance of individual talent. In addition, McCormack *et al.* (2014) showed that incentives used for attracting, retaining and rewarding talent were the strongest predictors of university performance as measured on the combined university guide, research assessment exercise and student satisfaction scores. However, as in other industry sectors, it is not clear what the term 'talent management analytics' means for universities or specifically which set of metrics are strategically important and so should be measured and acted upon (Lewis and Heckman, 2006). Therefore, it is vital that talent management analytics be driven by an underlying rationale or conceptual model that directly links talented individuals, and their roles, to the organisation's strategy (Lewis and Heckman, 2006). While simple and easily available metrics are attractive for their immediacy and availability, they should always be used with caution and with a clear purpose in mind. For example, the use of surrogate quality metrics, such as journal impact factors, is known to be problematic; but they continue to be widely used in universities for both recruitment and performance appraisal (Van Raan, 2005).

It has been known for some time that reward systems may reward undesirable behaviour rather than the desired behaviour (Kerr, 1975). Therefore, all organisations need to carefully consider the potential undesirable consequences that specific metrics may produce. For example, in universities metrics are being increasingly used for judgemental forms of performance evaluation of individuals. This not only creates uncertainty and anxiety, but can also inhibit creativity and restrict the willingness of academics to undertake blue-sky or longer-term research (Ter Bogt & Scapens, 2012). Preferably, metrics should be estimated over a longer (3-5 year) period of time and used as indicators to guide the development of individuals or groups of researchers (Van Raan, 2005). Importantly, it must be remembered that metrics do not remove subjectivity, they just move it to a distance (Ter Bogt & Scapens, 2012). Therefore, it is recommended that metrics, such as bibliometric indicators, should always be combined with peer review. In this way, metrics can improve the peer review process by making it both more objective and transparent (Van Raan, 2005).

It is important to distinguish metrics that can differentiate the quantity, quality and efficiency of both teaching and research activities. For example, expert researchers need to do more than just publish a large number of papers (Goodall, 2006). Rather the quality, or societal impact, of their research is of primary importance. Unfortunately, quality is much harder to measure than quantity. In fact, quality can only be estimated either in hindsight or via surrogate measures, such as peer review, citation counts, or the impact factor/prestige of the publisher; all of which require careful interpretation (Van Raan, 2005). In addition, the societal impact of research can be difficult to estimate as (by definition) it occurs outside academia. Impact can also lag the actual research by a significant number of years and be of a form, such as policy, culture or service that never directly translates into (for example) a commercial return to the university or agency that funded the research.

While efficiency is easier to measure, it is rarely used outside of financial metrics that define profitability or return on investment. In universities efficiency can be estimated via ratio analysis, which is the ratio of a specific output given the input. In the context of research, this might be the number of publications arising from a group of researchers divided by their grant (or other) income. Of course, like other metrics such as citation rates (Van Raan, 2005; Goodall, 2006), this ratio will be highly discipline dependent. However, ratio analysis provides important context to research outputs that can be used to distinguish efficient from inefficient activities.

In teaching, ratios such as the student to staff ratio are perhaps even more important as they indicate the potential profitability of teaching activities. This operational surplus can then be re-invested to improve core teaching and research activities. While student to staff ratio remains one of the only globally available and comparable indicators and forms part of many university rankings, its overall effect on tertiary education is not well understood (Bandiera *et al.*, 2010). However, class size effects appear to be significant between the smallest and largest class sizes, particularly for students at the top of the ability distribution (Bandiera *et al.*, 2010).

Finally, it is also necessary to distinguish the metrics required to identify the high-value individuals and pivotal roles from the metrics that measure the effectiveness and efficiency of the enabling human resource systems. For example, low retention of academic staff or an inefficient human resources system will clearly negatively affect the quantity, quality and efficiency of a university's teaching and research. Aligned with this is the need for metrics that distinguish high academic (teaching or research) performance from those that focus on developing and rewarding good management and leadership practice.

Alignment with management

The work performance (P) of an individual is a function of their ability (A), motivation (M) and opportunity (O) (Collings and Mellahi, 2009):

$$P = f(A, M, O)$$

Thus, while an individual comes to a role with previously acquired abilities and a certain level of intrinsic motivation, it is the role of a good manager to assist that individual to develop new skills and abilities, whilst maintaining or enhancing their motivation and providing them with new opportunities. This highlights that both the individual and their manager have the ability to contribute to the factors that determine an individual's work performance (Buckingham, 2005). In particular, the day-to-day interaction between manager and individual worker forms a feedback loop that can either enhance or diminish work performance (McCormack *et al.*, 2014). This highlights the critical importance of management, and talent management in particular, at all levels of a university.

Great managers discover what is unique about each person and how to capitalise on that talent to enable enhanced performance. This is almost the exact opposite of what great leaders do: they discover the universal and capitalise on that by communicating a vision (Buckingham, 2005). While great managers and leaders are not mutually exclusive, leadership and management do require different skill sets. Typically, leadership is concerned with the development of strategic objectives and then influencing and enabling people towards accomplishing these objectives. Management is more concerned with the efficient use of resources to plan and coordinate efforts towards achieving predefined goals (Yielder & Codling, 2004). However, to say that leadership is more important than management (or vice versa) is nonsense, as an important component of any good strategy is that it can be efficiently and reliably implemented. Clearly, implementation of a strategy relies on the skills and abilities of the staff throughout the organisation and academic managers play a vital role in both maximising individual performance, but also ensuring that this performance is aligned with a discipline specific understanding of the organisational strategy. Therefore, talent management has the potential to provide the necessary framework for

enabling the alignment of all staff and their performance within the organisational strategy.

In universities, academics tend to concentrate on acquiring competencies in their own field of expertise (Pellert, 2007). In the absence of formal management training, experiential learning and mentoring are the primary mechanisms by which academics develop their management and leadership skills (Drew *et al.*, 2008). However, good management skills are important as they have a significant positive effect on university performance (McCormack *et al.*, 2014). In particular, McCormack *et al.* showed that central university management practices are less important than departmental practices and that there is only low correlation in human resources practices between departments within the same institution. In addition, the biggest difference between universities is in their managerial practices with respect to incentives for recruitment and retention of staff (McCormack *et al.*, 2014). Unfortunately, academics currently believe that they are constrained by overly bureaucratic managers with under-developed interpersonal and strategic analysis skills (Drew *et al.*, 2008). Therefore, there is a necessity for better management training and development in universities, perhaps based on concepts such as emotional intelligence and the focused leader (Goleman, 2013).

In the ever-changing financial and regulatory environment in which universities operate, it can be increasingly difficult to justify the time and expense of developing in-house talent and succession plans. However, the just-in-time development framework proposed by (Cappelli, 2008), based on principles from supply chain management, offers a plausible solution. Specifically, there are four basic principles: make and buy talent to minimise risk; adapt to uncertainty in demand (e.g., by providing short, targeted development programs); improve the return on investment in developing employees (e.g., by providing stretch assignments to capable volunteers or requiring a co-investment in training); and balancing employee-employer interests. This talent-on-demand framework is driven both by market and operational considerations and so is better suited to the challenges of uncertainty (Cappelli, 2008). In particular, it appears directly applicable to universities as it explicitly balances the interests of employees and employers and so can increase the level of both technical and management skills more broadly in society.

Conclusions

We have argued for an explicit alignment between a university's strategy and how academic talent is recruited, developed, retained and rewarded. Without this alignment there will be a difference between a university's stated objectives and the outcomes that are delivered to society. This has the potential to lead to confusion, inefficiency and cynicism. Alignment is important especially in relation to the university's core activities of teaching and research as both are vitally important, but are rarely regarded equally when estimating the performance of academics or their universities. The framework provided by talent management can assist in the identification and development of the key people, the pivotal positions and human resources systems required for a university to deliver on its strategic objectives. It is also critical that the concepts of talent management are applied at all levels of the university hierarchy and are tailored to specific disciplines.

Importantly, there is still a need to develop reliable and valid metrics to enable the open and transparent implementation of talent management within the university sector. In particular, it is vital for the acceptance of these metrics that they are used primarily in a developmental manner, not just for judgemental forms of performance evaluation. Universities must also develop and utilise metrics that highlight leadership and management skills in addition to the core teaching and research skills. Without this it is difficult to imagine how future leaders should be identified and developed other than by the default process of self-selection. Used in this way, talent management has the potential to align a university's strategy with its metrics and day-to-day management systems in order to enhance performance over the long term.

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