CHAPTER 16

Human capital, the oft forgotten key challenge for universities

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"So how's your poor dear wife?" asks the not-quite-superannuated ice queen of Personnel Department, now grandly rechristened Human Resources for no reason known to man…

(John le Carré, *A Delicate Truth*, 2013)

THE STRATEGIC VALUE OF HUMAN RESOURCES

A university without faculty is like a bicycle without wheels. It won't get you very far. I know this is a matter of course, forcing an open door. Yet, precisely because it is obvious that universities without teachers and researchers are just empty shells, it strikes me that, when we talk and write about the future of the university, human capital rarely is a hot topic. Its strategic value usually is underestimated by university leadership, while in reality and mutatis mutandis the topic is relevant to all Higher Education Institutions.

At closer look, it is evident that the quality of teaching and researching is immediately linked to the quality of the women and men doing it. Everyone who is even slightly familiar with university realities knows a good number of positive and negative cases illustrating this point. And every insider knows that recruitment of faculty is a core responsibility in any university. If you cannot hire the right kind of academics, the future of any school or department is at risk. Yet it is a rare theme in strategic documents and not too often discussed in a comparative way, in international conferences or in university management studies outside the circle of HRM specialists. One of the laudable exceptions is IMHE/OECD. Since 1994 they have produced a series of reports on academic staffing and related issues, and organized meetings on these themes, like the international conference on "Trends in the Management of Human Resources in Higher Education" in Paris in August 2005.

Why is it that we are in general so silent on such a key issue? I see three explanations. Human capital is very much seen in terms of hiring and firing, promoting and demoting, in other words in terms of in-house responsibilities of individual institutions or departments. Secondly these responsibilities are usually to a large extent stamped and framed by national traditions and preferences, legal frameworks and salary arrangements. And, last but not least, the labour market of academics is usually seen as a typical buyers' market where individual employers with their reputation and buying powers are champions. Under these circumstances, strategic planning and international benchmarking and analysing are seen either as too simple and straightforward, or too complex to approach or bring under control.

Nevertheless, this paper questions the wisdom of underestimating human resources as a strategic theme and a welcome topic for international exchange and comparison. I shall be asking three questions that are largely within the control zone of individual institutions and, in my view, are and should be relevant to anyone in university leadership positions: 1. Are you certain that in 10 years time you will (still) be able to recruit the junior faculty you need? 2. Are you satisfied with the career dynamics of your senior faculty? 3. And, last but not least, how about the balance between individual faculty's career interests and collective interests of departments and schools?

FUTURE RECRUITMENT OF JUNIOR FACULTY

Will you in 10 years time be able to recruit the junior faculty you need? The most popular answer to this question may very well be "it depends". The domain of human resources is quite differentiated, difficult to predict, and subject to many external and internal forces, some of which are hard, many soft. It is a domain that is largely beyond control by individual parties. It cannot easily be steered by individual employers. So let's just wait and see? That's certainly not good enough. But, then, what can we do? How can individual universities make sure that they will be able to recruit the junior faculty they need, in terms of numbers and of competences? Or at least raise the probabilities that they can, by doing what is in their powers to shape and stimulate.

In answering this question, three topics seem to be relevant: 1) the success of graduate education; 2) its value on the labour market; and 3) talent scouting and development of junior faculty.

Universities — research universities above all — are among employers in the enviable position that they teach and train their new blood. In German there is a fine label for this activity: *Nachwuchsförderung*, hard to translate because it combines the notions of support, patronage, improvement and promotion of the next generation. It is one of the main uses of graduate education to cater to the needs of Higher Education and Research itself. These days in almost all cases the academic teaching and research professions demand a doctoral degree as minimal entry requirement. It is graduate education (the second and third cycles of the Bologna model) that should generate new generations of aspiring academic teachers and researchers.

To be able to successfully do so obviously two requirements should be met: graduate education must attract a good number of incoming graduate students possessing the desired competences (a), and graduate programs must bring forth a good number of PhDs fit for a career in academia (b). In the interest of future staff quality performance, it is essential that new generations of capable PhDs continue to be available for and interested in a university career. We shouldn't forget that this is by no means certain. Past results are no guarantee for future successes. Long years of preparations for an academic career may in some or even in many fields be seen as a much too risky investment of time and energy.

IS GRADUATE EDUCATION ATTRACTIVE FOR QUALIFIED STUDENTS?

Attracting undergraduate degree holders to graduate education all the way to the doctoral degree depends on the combined force of three factors: the degree will open up attractive career perspectives in terms of labour market value (preferably in more than one sector of the market for holders of graduate degrees) (x), the study path will be doable and affordable in practical terms (y), and, last but not least, alternative options will not be way more attractive (z).

Some of these factors function in a different way in different disciplines, all of them function very differently in different settings, cultures and countries. In a country like Germany where a doctoral degree implies social status gains also outside academia, factor x clearly has more positive weight than in a country like The Netherlands where a doctoral degree only counts in the world of Higher Education and Research, and in a limited number of research-intensive companies. On the other hand, the early introduction in The Netherlands in the 80s of relatively many full-time and well-paid assistant-researcher positions for the large majority of doctoral students has clearly diminished the negative side of factor y. The impact of more attractive alternatives in the labour market (factor z) explains why in fields like law and business, interest in doctoral studies is usually low.

It's no use going on to describe specific conditions in various settings. The point simply is that universities should not rely on past performance but make sure that graduate education is an attractive option in the early career decision-making process. It is of enormous importance that universities develop strategies — alone and in association with colleagues — to enhance the appeal of graduate education in order to convince qualified students that graduate education is worth its high opportunity cost, above all for the talented ones whom universities would like to attract to it.

SUCCESSFUL COMPLETION OF GRADUATE PROGRAMS

One would think that all serious research universities would understand the need for optimizing and profiling their graduate education. For some, however, this is a fairly recent interest. Yet the rewards are clear, in terms of learning outcomes for the participants, but also in terms of well-conceived institutional self-interest. Successful graduate degree-holders will not only be possible candidates for faculty positions in later stages, they will be key alumni and connections in future cooperatives and academic networks.

The need to enhance successful completion of graduate programs has in recent decades led university systems and individual universities to change traditional schemes of master-pupil graduate education. By introducing (specific research masters and) more structured doctoral programs, European universities have tried to do exactly this. In doing so, they managed to close the traditional gap with North-American graduate education. Thus countries like the U.K., Switzerland and The Netherlands have become attractive destinations for internationally mobile graduate students. These examples demonstrate the possible positive impact of well-chosen institutional strategies.

UNCERTAIN LABOUR MARKET PROSPECTS FOR PHDS

The main reason I am bringing the topic of graduate education up is, however, a slightly different one. Universities are resource-based organizations. As a rule, they spend between 75% and 85% on salaries and wages. Both in teaching and learning and in research, the volume and quality of human capital are key. By far the most important market for universities is the labour market. Maintaining a strong position in this market is therefore essential. This implies that universities must be visible, attractive and strong at the very portals to the upper regions of the job market. Controlling the last station before the border (i.e. graduate education) should be an advantage, not a risk.

This is why the quality of graduate and, in particular, doctoral education, is important. Generally speaking there is a world to be won in this field. Relatively long times to degree and low completion rates clearly indicate this potential gain. These suboptimal achievements should invite universities — individually and in association — to try and make things better.

This is also why universities should take a keen interest in the mechanics of the labour market. And have a realistic, not a complacent, view of their chances and their future in this market. It is by no means certain that the best and brightest of future generations will opt for academic careers. In some cases there is good reason to believe that universities have already lost some of their priority seats. In many areas (in particular Science and Engineering) U.S. doctoral programs attract many foreigners resulting in growing total numbers of doctorates, while in other fields (like education and humanities) that attract fewer foreigners, the total numbers have gone down. For quite a few (male) home students, the high opportunity costs of graduate education and the long-term perspective of an academic career apparently do not weigh up to the perceived attractions of careers outside academia that require no more university education than an undergraduate degree.

In recent years in The Netherlands, only 30% of successful PhD candidates find employment inside Dutch academia immediately following their graduation. Although this figure may well be too pessimistic because 43% of Dutch PhDs come from abroad (2011 data) and quite a few of them leave the country after graduation and may find university positions elsewhere, the impact on graduate student choice is crystal clear. When doctoral education is perceived as the golden route to academia and to academia alone, this state of affairs makes future students think twice before taking this risky road. As a result the pool of potential university teachers and researchers could shrink to undesirable proportions. To diminish these risks, Dutch universities enrich doctoral programs by broader skills training and career counselling, thereby enhancing post-graduate employability outside academia. A similar practice is recommended by a recent U.S. Commission on Pathways through Graduate School and into Careers (ETS & CGS, 2012). It reflects earlier U.K. policy proposals.

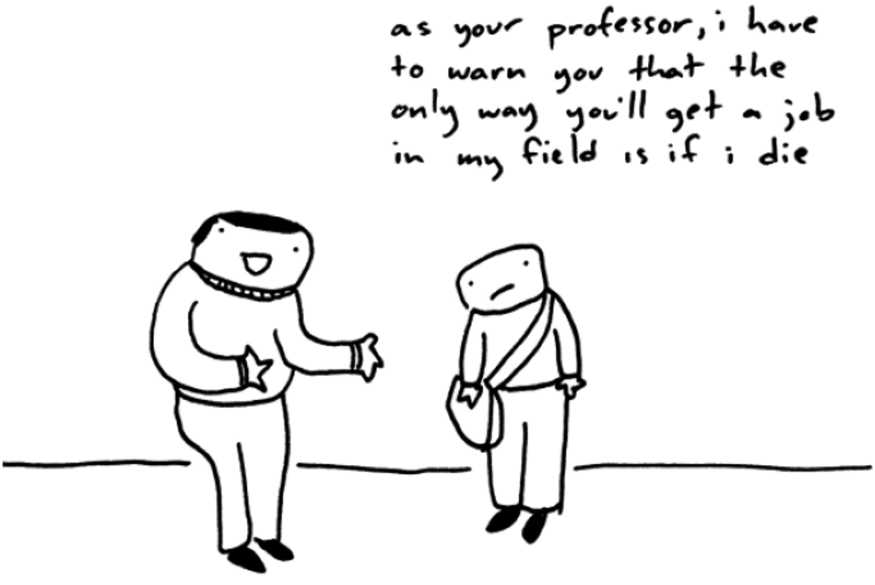
Universities that want to remain attractive career destinations should look carefully into labour market dynamics. I am often surprised by the lack of interest in what is going on in (international) job markets, or rather, the complacent attitude of quite a few universities. In comparison (international) corporations are doing much better by realizing the competitiveness of these markets and the need for offering attractive and transparent career paths, in particular if you would like to get the best and brightest interested in your organization.

TRADITIONAL MODELS OF JUNIOR FACULTY RECRUITMENT INADEQUATE

This brings me to my third topic: talent scouting and development of junior faculty. I remember the first time I used these labels in the company of university deans and rectors, some ten years ago. Are these not just new names for things we have been doing for ages already, they asked. Yes, of course, I said. But given the present scale of our institutions and the varieties in cultural background of our doctoral students and post-docs, we can no longer rely on our traditional informal approaches. We must deal with these issues much more structurally, professionally if you like.

The traditional conceptual model of university staffing combines the front door — house — exit sequence with supply-demand relations. Junior staff enters the university after graduate education (on the basis of some set of individual or group selection procedures), spends a shorter or longer period of time in house (depending on successful or failed promotions, and on available vacancies) and leaves to retire (in case of one of the "standard" academic careers) or to find employment elsewhere.

This basically is an elite model in that it presumes that aspiring academics will be prepared to wait in uncertainty and see after some time what the university has in store for them.


as your professor, i have to warn you that the only way you'll get a job in my field is if i die

cartoon by Drew (http://www.toothpastefordinner.com)

At the same time, it is a model that reflects neither the dynamics of the labour market (the realities of competing employers and rivalling job or career options) nor changing conditions at the university (growing, shrinking, aging, rejuvenating).

ACTIVE SCOUTING AND COACHING OF JUNIOR FACULTY

In competitive and dynamic conditions (on both sides), such a model won't do. From the point of view of schools, talent growth shouldn't be passively observed, but rather be actively supported and developed. Academic careers, including their early stages, should be furthered individually and in terms of talent development, proven merit and opportunities for further growth, rather than solely being led by the need to find a replacement.

By talent-oriented career management, universities not only make sure that no talent will be wasted, but, equally important, they make it clear that they are offering attractive opportunities to the competent. In a way just like the traditional tenure track was meant to do, only with much more flexibility and tailor-made options. Typical talent guidance and support isn't only designed to retain. It is truly meant to motivate and offer optimal opportunities for career success to talented individuals.

One last aspect that deserves our attention in this context: are we sure that we offer career opportunities to aspiring junior faculty that are at the same time transparent and attractive? This is the case when career opportunities are attractive because they allow for individual creativity and advancement, and transparent because they are being made available and decided upon based on individual merit (the candidate's performance).

In this sense the German situation for a long time was rather unattractive for junior faculty, with long years of waiting before positions with a considerable degree of autonomy could possibly be gained, while the U.S. situation with its relatively large numbers of tenured faculty and tenure-track staff looked like paradise.

In recent years, however, both systems have been approaching each other by moving into opposite directions. In Germany in the rather empty space between tenured professors on the one hand and doctoral assistants and students on the other hand, new options have been designed. At the same time in the U.S., tenured and tenure-track staff has been reduced, while non-tenured staff and post-docs increased substantially. Though many people inside and outside higher education think of tenure-track appointments as the norm in the U.S., in reality tenure-track faculty are a dwindling minority on American campuses: while in 1975, tenure-track faculty accounted for 45.1% of the instructional staff, by 2009 they accounted for only 24.4% (data from AAUP).

I read these trends as adaptations to changed environments. German universities have adapted to increasing internationalization and growing cross-border mobility of doctoral students, post-docs and junior faculty. It just wasn't feasible anymore to stick to traditional national career patterns. U.S. universities, outside the very top segment, have had to adapt to changing budgetary realities. Limited growth or even decline and the need to be much more flexible have led to a growing part-time and non-tenured staff and a decline in tenured positions. In my view, both situations would benefit from more and structural talent-oriented career guidance. In a U.S.-type situation, it is the way to escape the negative impact of less attractive overall career perspective, while in a Germany-type situation it is the way to prepare and select senior researchers (*Nachwuchsgruppenleiter*) and associate professors (*Juniorprofessur*).

SENIOR FACULTY TOO APATHETIC

In his chapter on Comparative Reflections on Leadership in Higher Education (1994), Martin Trow included among the top six grave problems that face university presidents the problem of maintaining a flow of new scientists and scholars into departments and research labs, without institutional growth and with a large tenured and aging faculty.

Without a fair degree of mobility among senior faculty, renewal of the professoriate is a very slow process, in fact too slow for the university to respond to rapidly changing programs and projects and too slow to remain an attractive place for talented younger academics. Times are gone when universities were constantly expanding, adding programs and positions, and recruiting additional staff. These days change is more often realized by replacing existing groups and functions than by adding new ones. Under these conditions, a fair degree of mobility of senior faculty is very welcome.

Mobility is of course dependent on a multitude of factors and actors. A tenured professor at a nec plus ultra kind of institution has fewer reasons to consider a change than her younger colleague now teaching at a college and aspiring to engage himself in cutting-edge research. Similarly, a history professor has fewer attractive options outside the university than his colleague in the law department. In larger countries with Higher Education Institutions of different status, career mobility is more common than in smaller nations with a more or less uniform university system. And, at the end of the day, personal considerations of course play a key role, which by the way explains why the international mobility of senior faculty is much lower than that of juniors.

Should mobility in view of all these differences be left to individual decision-making? Usually this is the case. Up or out as a guideline in human resource management at universities is limited to non-tenured faculty. Career development of tenured faculty is seen and practised as just the individual responsibility of faculty members. The typical situation is one where most procedures and rituals are directed towards the moment of entry when someone is joining the tenured faculty. Career counselling as an ongoing activity throughout one's university employment is as far as I know still a rare phenomenon.

Senior staff mobility in terms of leaving to outside employment should not be seen as an isolated phenomenon. I like to see it as just one expression of career dynamics. And dynamics is what we need, for at least three good reasons.

QUI N'AVANCE PAS RECULE. TO STAND STILL IS TO MOVE BACK. WER RASTET, DER ROSTET.

Movement and change contribute to fitness for the job, including one's role in the organization and one's perception of where it is going. Movement across departmental or school borders, or even outside the institution should not be conceived as loss or betrayal but as a desirable broadening of one's expertise and a journey towards to new rewards. Only too often I've heard colleagues who finally dared to take such steps tell me or rather ask themselves, why didn't I do this earlier?

A second reason is the challenging complexity of university work and its increasing demands. In many research universities, teaching and learning have been rediscovered as a core responsibility for senior faculty, requiring new or refreshed competences and new tasks. Just think of phenomena like the international classroom, and the use or production of open educational resources.

My third argument is about university leadership roles. Sizable research universities need hundreds of leaders at group, department, school or institutional levels, in research as well as in teaching and learning, cooperation across disciplines and with external partners, in administrative roles and, last but not least, in human capital development. Career development cannot and should not be left to the personnel department or whatever more fancy labels these offices carry these days. Without the leadership and support of experienced academic peers, it just won't fly.

This kind of work on the quality and performance of senior faculty requires long-term strategies (few quick wins, but more healthy years ahead) and quite some enabling, motivating and facilitating labour. North American colleagues speak and write in this context about renewal of the professoriate in a variety of meanings, ranking from the rejuvenating powers of sabbaticals to replacement strategies. It is hard for me to judge how much of this is actually put in practice. In European settings it is a topic for discussion in specialist seminars and conferences, but I rarely meet enviable good practices. But where I see them they are extremely helpful. E.g. in Dutch research universities, senior faculty development has been a great help in campaigns meant to redesign teaching and optimize learning outcomes in undergraduate schools.

Are you satisfied with the dynamics of your senior faculty? It is a question that should be asked and answered more often. And be granted the status of a strategic question. It depends on the response to this question whether both the senior faculty and the institution itself will be aging in good health.

INDIVIDUAL VERSUS COLLECTIVE CAREER INTERESTS

Individual drive and motivation in the hearts and minds of faculty are some of the most important, if not the most important success factor in academia. In a way it is the secret of success. All of us instinctively prefer schools or research institutes with a culture of high performance and a practice of rewarding individual accomplishments.

Yet there is a downside to this. From my days as a university president, I clearly remember a conversation with one of our most visible economists. Have you, he asked, ever considered the opportunity cost of much of the work we do outside regular university programs and responsibilities? And if so, why are we allowed to be make available our time and expertise at such low prices?

His remarks made me think about the balance between individual faculty's career interests and university or departmental interests. I had often been talking about the research university as being more like a casbah than a company, thereby stressing the amount of creative freedom and entrepreneurial eagerness that senior faculty enjoyed and showed to — so I thought — the benefit of the university. But don't we risk going too far into this direction? Is there an acceptable equilibrium between private and individual interests of senior faculty and the good of the university?

It is clear that a relatively high degree of independence is one of the main attractions of a university career and one of the more important non-monetary rewards of a university career. It is also clear that many outside activities of senior faculty are valuable and visible connections with society, with serious and positive impact. In the context of contract evaluation and renewal, these aspects are usually recognized, on both sides of the table. Yet there is also substantial cost involved which most of the time is not accounted for. The absence of many high-ranking senior faculty from regular university program operations (be it in undergraduate teaching or in administrative roles) is a worrying illustration of this point.

Should universities be restraining this particular freedom? Or at least find better ways of balancing between private interest and collective good? I see at least three good reasons to indeed try to do so. In recent years budgetary pressures on universities have grown considerably. Above all in the public domain, this requires an extra prudent handling of issues of salaries and perks. Secondly, we are seeing an increasing need for academic integrity and independence. Too generous freedoms for individual faculty easily put these at risk. Researchers can divide their time between academia and the corporate world or other employers, they should not split their loyalties and academic norms. And, last but not least, universities actually need all the hands they have. This is true for all three priority areas: research, teaching and learning, and service and development. The present situation in quite a few countries where undergraduate education is left to temporary and part-time instructors and assistants, is both undesirable and risky in view of quality and reputation.

The procurement and maintenance of high-quality human resources are a key challenge for universities and their leadership. Yet the topic is often left to specialists to analyse and discuss in international forums. This paper has offered some assorted arguments to reconsider the traditional habitude of deans and presidents to speak about human resources in the presence of their colleagues by way of anecdotal evidence and success stories rather than analytically and strategically.