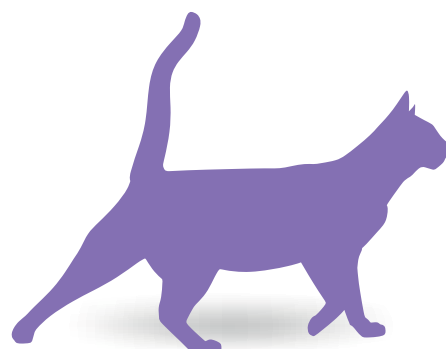
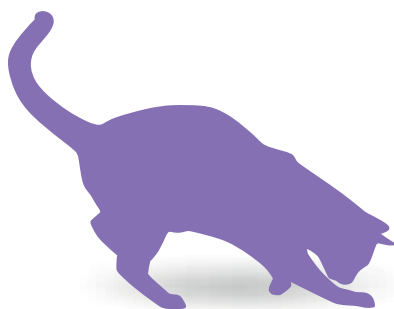
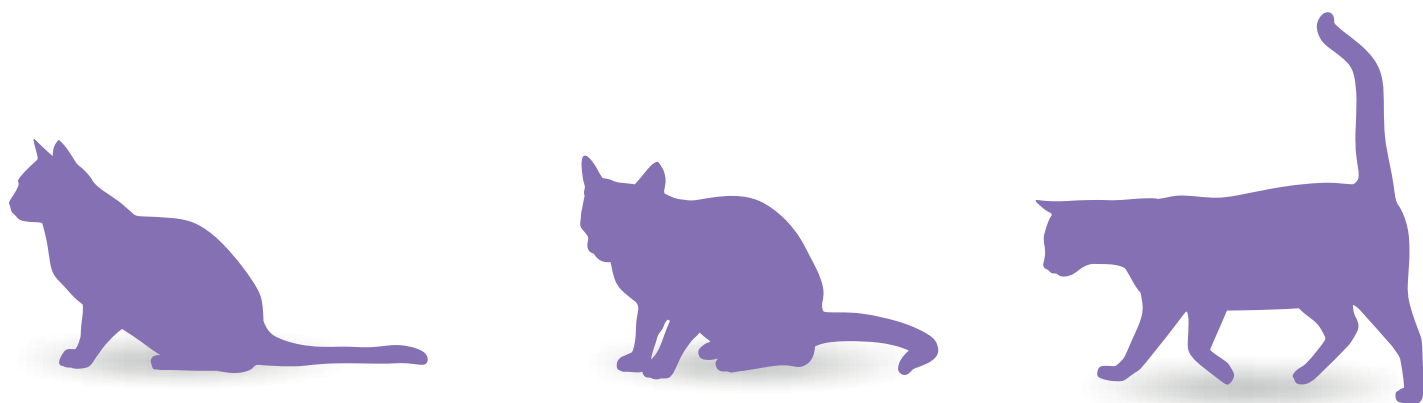


HERDING CATS?

MANAGEMENT AND UNIVERSITY PERFORMANCE





The 2012 higher education reforms are likely to lead to more intense pressure on university performance. In a recent paper, **John McCormack**, **Carol Propper** and **Sarah Smith** examined the extent to which good management in universities is an important factor. There is a commonly held view that managing academics is possibly like herding cats: difficult and ultimately pointless. But this view contrasts with growing evidence that good management practices increase productivity – evidence from the public sector as well as the private sector, and from many different countries across the world.

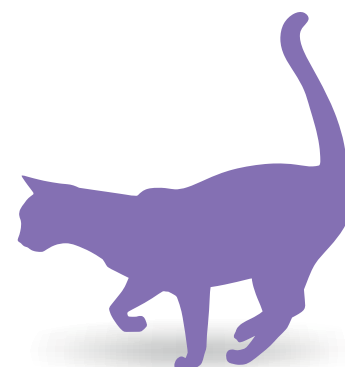


In our study of university management, we address a number of questions: Are some university departments better managed than others? Does management in universities matter? Is better management associated with better performance?

To measure management quality, we used a tried and tested survey tool that has previously been applied to over 10,000 organisations in manufacturing, hospitals, schools and even social care organisations (Bloom et al 2012). It involves a structured interview around (a) research and teaching processes, (b) performance measurement, (c) targets and (d) flexibility and use of incentives in recruitment and retention. We interviewed around 200 heads of departments in Business, Computer Science, Psychology and English departments in over 100 universities in the UK in the summer of 2012. We complemented this with interviews with the HR department heads in the universities to get a measure of the quality of management at the university central administration level.

The interview is a set of structured questions designed to allow the interviewer to score each of 17 indicators (grouped into the four areas). For example, in relation to rewarding good performers, the managers are asked to describe the appraisal system for deciding pay and say how much flexibility there is to reward the best performance (including financial and non-financial rewards). An example of a low score is the manager who replied that a good performance would get a congratulatory mention and a piece of cake. An example of a high score is the manager who said that they actively identify and reward their top performers. The interviews were carried out by a team of five undergraduate and postgraduate students.

We first examined variation in management scores across and within universities and then examined the relationship between the management scores and externally validated measures of performance. We used the Complete University Guide, an independent UK guide



Better management contributes to better performance in both research and student satisfaction.

which provides rankings that students, parents and universities themselves use to compare the relative performance of UK universities. We also examined research performance. In the UK the government carries out a comparative assessment of university research every five years or so: we used the Research Assessment Exercise of 2008. The government also publishes a national ranking of student satisfaction (the National Student Survey scores) and we also used these as a measure of performance.

Management quality varies across the sector

We found the following. First, in contrast to multi-plant manufacturing firms or even hospitals, university management is relatively decentralised. One department within a university can have good management practices whilst another has poor ones. Looking beyond internal differences in management practice we find that there are significant differences in the quality of management practices across the universities that took part in the study.

UK universities can be split into “old” (pre-1992) and “new” (post-1992) universities. Old universities tend to compete nationally and internationally for students, whilst the new ones often have a more local market. Each of the two groups can be further split in two, reflecting the (relative) volume of research that takes place in each.

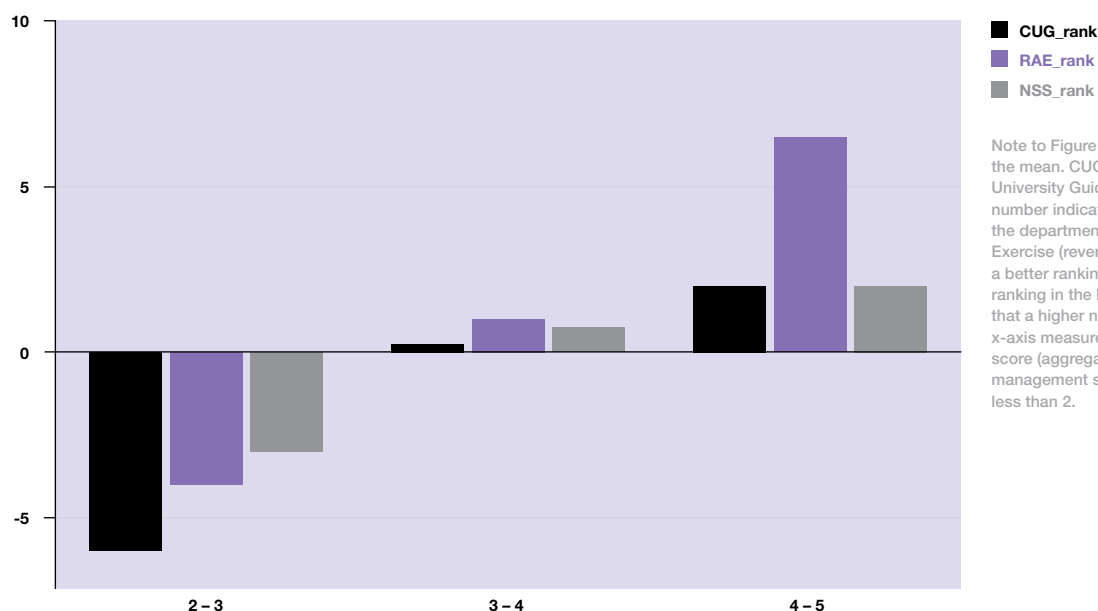
This gives four types: the most research intensive old universities, who receive around 75 per cent of all research income of the whole UK university sector (known as the Russell Group); Other Old Universities; the Former Polytechnics and Other New Universities, the last of which do very little research and recruit locally.

The research found that the management scores of the Russell Group universities were the highest, followed by Other Old, the Former Polytechnics and the Other New Universities. This is almost entirely linked to differences in the scores in relation to incentives. Performance in terms of targets and monitoring are much more similar. And, although there are differences in resources across the types of universities, this does not explain the results (i.e. Russell Group universities do not do better in terms of incentives simply because they can pay more).

Academics don't need managing?

Yes, they do. Our second key finding is that departments which are better managed also have better performance. Performance is better not only in terms of research but also in terms of student satisfaction. Figure 1 shows the relationship between the overall CUG ranking, research performance and student satisfaction. The better the management score, the better the outcomes. Further analysis shows

Figure 1
Management score and university performance



Note to Figure 1: All rankings are expressed relative to the mean. CUG_rank refers to the department's Combined University Guide ranking (reversed such that a higher number indicates a better ranking). RAE_rank refers to the department's ranking in the Research Assessment Exercise (reversed such that a higher number indicates a better ranking). NSS_rank refers to the department's ranking in the National Student Survey (reversed such that a higher number indicates a better ranking). The x-axis measures the department's overall management score (aggregating 17 individual indicators). The overall management score is from 1 – 5; no department scored less than 2.

that this relationship holds conditional on university type, resources and past performance. Again, the positive correlation is driven mainly by incentives which matter for both research and teaching. Monitoring and targets are much less important in explaining performance. And interestingly, the department level matters most for performance: the score of HR departments at the same university adds nothing.

Good management is good for all

Our third key finding is that it does not seem to be the case that there is one management style which is appropriate to the highly research intensive universities and another to universities which focus more on teaching and educating local students. Management matters in the same way at new universities as it does at old universities. In other words, good practice with respect to recruitment, retention and promotion improves rankings for universities that were former FE and HE colleges just as much as for Russell Group universities.

On reflection this all makes sense: while universities deploy large bits of kit (science labs, and even in some cases run hospitals) they are nevertheless people dominated organisations. So, getting it right with respect to staff, matters.

More broadly, the research fits with a couple of recent studies looking at the drivers of university performance. Aghion

et al (2010), in a cross country study, show that universities which face greater autonomy and competition (taken together) have better performance. Goodall (2009) argues that higher quality university leadership is associated with better performance. Our research shows that management within the university also matters for performance. The next step is to examine how management interplays with the external environment. To this end our aim is to compare the relationship between management and performance within universities located in different countries where they face different levels of competition.

This article is based on McCormack, J, Propper, C and Smith, S (2013) Herding Cats? Management and University Performance *Economic Journal* (forthcoming). <http://onlinelibrary.wiley.com/doi/10.1111/ecoj.12105/abstract>

All authors are based at the University of Bristol: John McCormack is a Teaching Fellow in Management, Carol Propper and Sarah Smith are Professors of Economics.

Further reading

Aghion, P, Dewatripont, M., Hoxby, C., Mas-Colell, A. and A Sapir (2010). 'The governance and performance of Universities: Evidence from Europe and the US'. *Economic Policy*, vol 25(61), pp. 8-59.

Bloom, N. and J. Van Reenen (2007). 'Measuring and Explaining Management Practices Across Firms and Countries'. *Quarterly Journal of Economics*, vol 122(4), pp. 1351-1408.

Bloom, N., Genakos, C., Sadun, R. and J. Van Reenen (2012). 'Management Practices Across Firms and Countries.' *Academy of Management Perspectives*, vol 26(1), pp. 3-21

Goodall, A.H. (2009a). *Socrates in the Boardroom: Why Research Universities Should be Led by Top Scholars*. Princeton University Press: Princeton and Oxford

Incentives (attracting, promoting, retaining talent) are the most important element in overall management performance.

