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In Managing People, Universities are Behind the Times

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Last week I had breakfast with a beautiful woman. Her lipstick flashes as she explains what she does for a living. This lady in the Italian trouser-suit works as a human resources manager for one of the world's biggest companies. Lucidly, she goes through the strands of her company's strategy. I begin to realise how behind the times we are in British universities.

First, she makes clear, things hinge today on the quality of your people and whether they are happy. So, once a year, her company makes everyone fill in a long job satisfaction report. The data are sent straight to the boardroom and shape action: managers with unhappy teams are expected to fix things today not tomorrow. If your aim is to be the best in the world, she points out, you need cheerful workers. Asking people has an extra, and virtually costless, benefit. Human beings really like to be asked; it gives them some influence over their lives.

Second, her company has a constantly-updated list of those it views as the top 10% of employees in the organization. They are the people it would be disastrous to lose. Depending on their personalities, these men and women may be told that they are in the top pool of key employees. A bottom group is also identified. These are the worst 10%, the under-performers. All are told. But the primary aim is not to get them out, although that will happen, she explains, if they do not change. The purpose is just to get them to be productive. This company spends millions a year just on recruiting staff; it sifts them carefully; it does not want to throw away people unnecessarily.

Third, the company deals in praise. It trains its managers to realise that it is vital to congratulate people, and keeps on reminding them. Recognition of employees is the buzz-word. It is simple and it works.

Make people feel appreciated, she says quietly. The British are amazingly poor at it but it does so much good. When they are doing well, tell them. Is that so hard?

Fourth, the company's biggest problem is that most workers are convinced the company's promotion system is unfair. This is, apparently, a well-known difficulty for human resource managers. Almost every employee believes that he or she is better than he or she actually is. The trick is to live with, and harness, that feature of human beings, without criticising them for it.

Her company is unable to solve the problem that individuals cannot see themselves as others see them, but tackles it in stages. One is to keep gently informing workers of the lower pay and benefits packages offered by most competitor firms. Put things into perspective for your employees, comes the dark-haired advice. Another is to have reviews of staff performance, every month, and to let people know what they have to do to be promoted. This reduces resentment, though can never eliminate it. People get fed up and itchy feet if they perceive themselves to be treated poorly, and that is expensive for a firm.

Another suggestion: listen to what people need. If they want training, train them. It must be relevant and give a fair chance of return to the company and not just the individual. Don't assume that company money spent on Masters degree training for a person will be lost to the company; human beings have an innate understanding of what is a fair way to treat an employer, and generally do so.

Fifth, today's business has given up on traditional ways of rewarding people. Age-related pay is out. Forget wage scales. Pay is tied to someone's productivity and commitment to the company, not to how grey the temples have become. Remuneration has been forced to become flexible; contracts are now personalised. An annual bonus is linked strongly to performance, and can be half of salary.

Think ahead. Don't just react. If the best person in your whole team shows up in your office to say he or she is taking another job, you have not been doing yours.

Sixth, lack of a company vision drives away the talented employees, and tolerance of slackers is the biggest bugbear among the less talented. Articulate a vision. Don't let the lazy office pain get away with it. Perhaps universities ought to be forced to chat to this lady, I start to think.

The bill arrives. One eyebrow arches almost imperceptibly. I wonder whether I should pay the whole bill, and do. I kiss her on the cheek and hail a taxi. It pulls away and she waves.

Every university Vice Chancellor should have breakfast with this high-powered lady, I decide.