2012 Higher Education Survey
The State of HR Effectiveness
Highlights

AON Hewitt
About this Survey

The Challenge

For HR leaders in higher education, the challenge—increasingly—is how to do more with less. Higher education is all about people. To that end, the success of higher educational institutions largely revolves around the quality of their senior leaders, faculty, and staff. The ability of leaders to raise funds for their institutions, the innovativeness of faculty research, and the quality of education delivered to students largely drives the success of these organizations. While HR is being asked to do more to improve talent, the impact of state budget shortfalls on public universities, resistance to tuition increases at private universities, and increasing health care costs puts downward pressure on HR budgets that are already significantly below general industry. Given today’s pressures, how does HR deliver value and contribute to institutional success? What is it that distinguishes HR functions at leading academic institutions?

Our Approach

To answer these questions, Aon Hewitt conducted a study consisting of an online survey and supplemental interviews. The purpose was to gauge the extent to which higher education institutional HR practices are progressive, practical, well executed, and effective. The study explored a variety of HR functions and practices in the areas of program management, service delivery, talent and workforce management, and HR function management.

More than 80 higher learning institutions nationwide completed the survey. In addition, through supplemental in-depth interviews, Aon Hewitt captured and documented innovative practices at select institutions with more developed HR practices. This combination of quantitative survey data and qualitative interviews helped shape a better understanding of the complex issues surrounding HR effectiveness in higher education and enabled us to identify current strengths and opportunities for improvement in key HR areas of focus for the future.
Institution Type

- Four-Year University, College, or Institution: 81%
- Two-Year College, or Institution: 12%
- Other: 6%

Carnegie Classification of Institutions of Higher Education™

- Doctorate-granting University: 39%
- Master’s College and University: 14%
- Baccalaureate College: 7%
- Associate’s College: 32%
- Special Focus Institution: 5%

Institution Ownership Status

- Public: 53%
- Private: 46%
- Other: 1%
Higher education is about people. Therefore, the success of higher educational institutions revolves largely around the quality of the research, faculty, and staff at these organizations, as well as their ability to raise funds for the institution and deliver a quality education to students. The demands placed on HR organizations to source, develop, and retain quality talent are greater than ever before. Our survey shows that all of the strategic priorities for HR leaders are related to people. Improving succession planning and leadership development, attracting and retaining skilled professional talent, developing capabilities, improving engagement, and controlling benefit costs are all key priorities.

HR is central to achieving institutional people goals and objectives. It is the engine that helps drive the talent agenda and shapes the culture to achieve the organization’s vision and mission. Yet historically, HR has been viewed more as an administrative or personnel function charged with sourcing and paying people, providing benefits, and handling employee relations.

Shifting to more of a business partner role to address critical talent challenges is a tall order. It requires human resources expertise and skills to develop and change the social infrastructure, accomplish goals, and engage faculty and staff in new strategic directions and processes. It also requires senior management sponsorship and involvement to transform the way HR delivers services and engages with senior leaders to drive the talent agenda. To shift focus, HR needs significant commitment and support from university executive management, academic personnel, and other key stakeholders to both support changes in the way HR delivers services and partner with HR to drive new talent management initiatives.

While HR is under increasing pressure to take a more active role in driving the people agenda, it is also faced with significant budget challenges. HR budgets in higher education are historically about 50–75% lower than HR budgets in general industry. In addition, ongoing budget pressures are forcing HR leaders to do more with less. These challenges foreshadow the results of our study. Overall, this survey shows that HR functions in higher education continue to lag general industry practices and more than 40% of university HR functions do not have a clearly defined HR strategy. However, there are many bright spots. This suggests that some HR leaders are making significant strides in improving business partnership and in driving better people outcomes for the organization.
Top strategic HR priorities for 2012 in higher education

When asked to select their top strategic HR priorities for 2012, survey respondents chose these three as most important:

1. Controlling benefits/health care expenses;
2. Improving leadership development and succession planning; and
3. Attracting and retaining key talent.

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<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
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<tr>
<td>Controlling benefits/health care expense</td>
<td>49%</td>
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<tr>
<td>Improving leadership development and succession planning</td>
<td>46%</td>
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<tr>
<td>Attracting and retaining skilled/professional/academic talent</td>
<td>42%</td>
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<td>Developing and maintaining faculty and staff engagement</td>
<td>36%</td>
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<td>Improving faculty and staff diversity</td>
<td>32%</td>
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<td>Mining workforce analytics to help our institution make fact-based human capital decisions</td>
<td>9%</td>
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<tr>
<td>Coordinating talent management practices</td>
<td>7%</td>
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<tr>
<td>Providing career advancement opportunities</td>
<td>5%</td>
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<tr>
<td>Creating Centers of Excellence (COEs) to manage program strategy and design</td>
<td>5%</td>
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<tr>
<td>Reducing workforce turnover</td>
<td>1%</td>
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**Highlights of key findings**

The survey results show that higher education HR is strongest at core HR service delivery management (hiring, paying, managing, and terminating). When compared to general industry, HR in higher education is strongest in workforce administration, benefits administration, and employee relations. However, due to lower budgets and a more historically viewed role as a personnel administrator, HR is significantly behind when it comes to its talent and organizational practices.

**HR Service Delivery Management**

- The successes higher education HR has seen in health and retirement benefits delivery can serve as a model for effectiveness in other areas.
- Effective HR service delivery practices can propel higher education to better integrate and maximize core HR systems and human capital analytics.
- There are opportunities in higher education HR to more fully leverage technology.

**Talent Management**

- Higher education—like general industry—is shifting focus to leadership development and succession planning to ensure future organization success.
- There is a greater commitment and recognition within higher education concerning the importance of monitoring engagement.
- Higher education could benefit from a stronger connection between performance and reward programs.
- Universities are recognizing the need for more progressive sourcing and workforce planning methods.

**HR Function Management**

- HR remains most effective in traditional roles as it continues to face tight budgets and lean staffs.
- HR functions within higher education can be more effectively aligned with institutional objectives.
- As the expectations of HR functions shift, there will be opportunities for professionals in higher education HR to develop new skills, capabilities, and competencies.
- HR can more effectively demonstrate value in higher education by focusing more on measurement and analysis.
Some HR leaders in higher education are shifting the balance from purely administrative or transactional roles. Why? Because a blend of administrative and business partnership roles can better drive the organizational and workforce requirements needed to support their respective organizational people strategies and objectives.

To strike a better balance between routine and value-added service delivery, HR leaders are finding creative ways to more efficiently deliver core services. This practice frees resources to invest in new capabilities. In addition to the survey data, this report includes case studies to illustrate how some higher education institutions are incorporating innovative practices and systems to automate manual processing and improve the user experience, extend HR capacity through shared services, improve talent management, and provide truly value-added service delivery.

Many progressive HR leaders in higher education are finding ways to build new capabilities in HR. These changes enable HR teams to focus on what matters most and improve their business partnerships. HR leaders today are focusing on:

- Identifying ways to streamline, automate, and redesign routine HR service delivery;
- Leveraging HR technology to drive more automation, reduce manual work, and improve the customer experience;
- Evaluating alternative sourcing options for HR services that require expertise that does not exist in the function;
- Improving talent management systems and process to build management capabilities; and
- Building the capabilities of HR staff.

The complete report of Aon Hewitt’s key survey findings is available. In the report, we elaborate on the findings in the areas of HR Service Delivery Management, Talent Management, and HR Function Management. We also include case studies that describe what higher education organizations are doing now to enhance their HR effectiveness.
As higher education HR professionals look to shift the HR function from a transactional to transformational role, it’s essential to develop a roadmap outlining a methodical plan. By focusing on those areas within HR Service Delivery Management, Talent Management, and HR Function Management that align with the organization’s strategic objectives, while at the same time building internal capability, HR can charter a course that yields demonstrable value.

At Aon Hewitt, we are prepared to answer your questions about this study and offer any assistance to guide you in your HR effectiveness approach and activities. For more information, please contact:

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About Aon Hewitt

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