

- 7 In your view, what are the most useful applications of HRIS?
- 8 What are the likely challenges or problems for Australian organisations that are considering the use of information technology for HRM purposes?
- 9 Does information technology enhance or conflict with the role of HR managers as strategic business partners?

MANAGING FOR PERFORMANCE

The perils of downsizing

Over the last 10 years, Australia's higher education sector has experienced a period of great prosperity. Much of this growth has been attributed to the revenue generated from international student enrolments, which doubled between 2002 and 2009. It is estimated that international higher education students contributed \$9.6 billion to the Australian economy in 2009. However, in 2010, the growth in international students fell markedly. The downturn was attributed to several macro-level factors, including changes to the international student visa regulations and the General Skilled Migration Program; the increase in the value of the Australian dollar, which has made Australia a more expensive destination for international visitors; and increased competition for international students from the US, UK and some Asian countries. Australia's reputation as a 'safe' destination for international students has also been questioned, with some acts of violence being perpetrated on Indian students in recent times. At the same time, the Federal Government announced significant changes to the ways that universities are funded, with the introduction of the Higher Education Support Amendment (demand driven funding system and other measures) Bill 2011. Under this policy, universities are now funded based on student demand, and from 2012, universities received funding for the number of places they offer in each discipline, based on student and industry demand. And, student demand for courses is also changing. More students are opting to commence degrees in the fields of health, particularly dentistry, with a growth in applications of 502%, nursing (111%) and medicine (65%); natural and physical sciences (38.2%); and engineering (38%). Other fields of study recorded a decline in demand, with applications for information technology falling by 61 per cent, management and commerce by 15 per cent and agriculture by 18 per cent.

For the vice chancellor of a large Australian university, these marked changes in the external environment of the higher education sector posed significant challenges for university workforce planning and management. With student numbers contracting, the university could not sustain current staffing levels in the medium to long-term. Moreover, the mix of academic and administrative staff was not right. According to benchmarking studies that compared this university to similar institutions in Australia, the university had too many administrative staff and needed to adopt more efficient management and administrative structures. Also, with the changing preferences of students, some academic units were understaffed, because demand for their courses was increasing. More students required more teaching staff. Conversely, in some of the faculties where student demand for courses was falling, there was an over-supply of academic staff.

The Human Resource Department of the university implemented a series of initiatives to reduce the number of administrative staff across the university and to address the oversupply of academic staff in some faculties. After consultation with key stakeholders, including the union, the director of human resources implemented a voluntary redundancy scheme, where staff could nominate to end their employment with the university and receive some level of compensation for the loss of employment. The vice chancellor and the director agreed that a program of voluntary redundancies was the best option. The main advantage of this form of downsizing was that it afforded employees some level of control over their severance from the organisation, and university managers may be able to use the process to 'manage out' less productive employees. But a significant problem resulted from the downsizing initiative. The university lost a number of valuable staff, who had intimate knowledge of the university and its processes. Internationally recognised scholars were taking up voluntary redundancies and finding new jobs

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at other institutions with ease. One staff member who was leaving the organisation quipped, 'I'm taking a year off and then I'll start at a new university ... I have standing offers from universities all over the world'.

At the end of the 3-month application period, an insufficient number of staff had applied for the voluntary redundancy scheme. So, the director implemented a program of targeted redundancies, where individual workers were nominated and retrenched. The director held many information sessions for academic and administrative staff, explaining the budget difficulties the university was experiencing and justifying the move towards targeted redundancies. But the director did not anticipate the impact of these job losses on the staff who remained at the university. Deans across the university reported a fall in the productivity and creativity of staff, a reduction in job satisfaction and general disquiet among employees. At a weekly forum with the vice chancellor, many staff expressed their concerns. One staff member said, 'People work really hard in this place, and for what? To be told you're no longer needed? I just don't care about this place anymore'. Another staff member added, 'I just want to do my work and go home ... I need this job, so I don't want to ask for anything extra or push any boundaries ... because I might be the next to go'. Other staff lamented, 'This place just isn't the same anymore' and 'I'm really worried that they might tap me on the shoulder next, and I can't lose my job'. One administrative staff member, angered by the whole process, said, 'It's just typical ... you reduce the number of staff, but there is still the same amount of work to be done. So, I have to work a lot harder to keep this place ticking over'. An employee for the marketing department added, 'All the negative publicity is hurting the university's reputation with the community'.

Sources: Adapted from N. McNeil, unpublished research notes, 2010; data obtained from Group of Eight, 2012, Policy note number 5, March, www.go8.edu.au/_documents/go8-policy-analysis/2012/go8policynote5_demandforhe_final.pdf, accessed 21 August 2012; Deloitte Access Economics, 2011, 'Broader implications from a downturn in international students', Universities Australia, 30 June, www.universitiesaustralia.edu.au/resources/618/1100, accessed 21 August 2012.

CRITICAL THINKING QUESTIONS

Deeply concerned about the level of angst and uncertainty among existing staff, the vice chancellor tried to reassure employees about the future direction of the university. However, the vice chancellor is convinced that more needs to be done, and has hired you to provide the director of human resources with some recommendations to improve planning for the university's human resource needs. Prior to meeting with the vice chancellor, consider the following questions.

- 1 What are the external factors that are affecting the labour profile needed by the university?
- 2 Identify possible ways that the HR planning function within the university could provide better information to university decision makers.
- 3 Given the information in this case, what are the advantages and disadvantages of the downsizing of staff numbers at the university?

ENDNOTES

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- 2 M. Jonathan & S. Maura, 2005, 'Business strategy, human resources, labour market flexibility and competitive advantage', *International Journal of Human Resource Management*, 16(3), pp. 445-64; J.B. Barney & P.M. Wright, 1998, 'On becoming a strategic partner: the role of human resources in gaining competitive advantage', *Human Resource Management*, 37(1), pp. 31-46; P. Cappelli & H. Singh, 1992, 'Integrating strategic human resources and strategic management', in D. Lewin, O.S. Mitchell & P.D. Sherer (eds), *Research Frontiers in Industrial Relations and Human*

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