

Change Management in Higher Education

The Introduction of Performance Oriented Payment in German Universities

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- 2 The University Organization
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- 5 Results and Further Questions

Research Question

How do the German Universities introduce performance oriented payment?

Thesis

- 1 The German universities are introducing the new payment system in different ways.
- 2 The change management is associated with the self conception of the particular university and corresponds to particular organization theories.

The old payment system (C-Besoldung)

- rules of seniority
- average income 6,500 €
- staffing decision by the Ministry of Science

The new payment system (W-Besoldung)

- partly performance oriented
- average income 4,900 €
- staffing decision by the University Director

Additional money can be earned by...

- ... appointment negotiations.
- ... special performance in research and teaching.
- ... taking over positions in the self governance.

Usually the amount of the performance payment is stated in a *Management by Objective* process between the university director and the professor.

Focusing on...

- the **structural level** the university can be described as a *bureaucracy* in the meaning of Weber.
- the **social psychological level** the university can be described as *organized anarchy* in the meaning of Cohen et al.

Change...

- ... is usually understood as changes in the environment of an organization that forces reorganization.

Change Management...

- ... means the management of the process of organizational adaption.

top-down

Business Process

Reengineering (BPR)

Business Reengineering (BR)

Process Innovation (PI)

structural view
rationalist theory

bottom-up

KAIZEN

Lean Management

Total Quality Management
(TQM)

social psychological view
e.g. Garbage Can / HR

- 1 The new law can be seen as a radical change in the environment of the German universities that forces reorganization.
- 2 The universities can be described as organizations focusing on the structural and the social psychological level so different organization theories are appropriate.
- 3 This theoretical approach also distinguishes different change models and practices.

- case study design
- three universities divided by the complexity of the enacted model/decreed
- open interviews with three university directors (May-July 2008)

The analysis of the three interviews leads to the following typology characterizing the change management in the particular university:

- University Bureaucracy
- Enterprise University
- University Managerlism

You know, there is the decree from the government. [...] and together with the personnel department we have designed a model that is based in our decree for the performance oriented payment.

(Director Case I)

Essentially nothing has been changed; basically everyone has accepted the model. We briefed the senate and enact the model.

(Director Case I)

Well, the first step was that we thought over our budget. We have calculated our budget and thought about a system, a governance system how to introduce performance oriented payment. We introduced a step model. [...] because of greater acceptance, and the point that the introduction not felt impressed top-down, used the support of the CHE to design this model. We did a contract with Mr. [...] with the objective to introduce a system of performance oriented payment [...]. And that runs very well.

(Director Case II)

In a MbO process the bonus in contradiction with the appointment negotiations and negotiations to stay is stated, because this bonus is kind of future oriented. We said, in the beginning we do not want to steer to a great extent, but rather introduce this MbO process. [...] And lately one bonus is a part of the salary and this we do not state in a MbO process but rather we look at the individual person, what he has done before, is he important for us. And these negotiations are based on current market values.

(Director Case III)

Well, the former role of the state, not to depend on the markets and noncompetitively and in the following the preußische Beamte doesn't get a salary, but rather he has been ceded and faith to his employer was his duty. But this is crumbling. And market principals penetrate the public service and even the payment of the university professors. Market principles are combined with the old model.

(Director Case III)

- The change management of the universities does not refer to any of the change models previously mentioned.
- Rather we can see analyzing the interviews it can be asserted that case one refers to Weber's theory of bureaucracy. While the second case refers to the idea of an economic organization.
- The connection to the Garbage Can Model is not as evident as hypothesized.
- The well known ivory tower has been shattered, market principles are on their way, and the university directors feel that won't hurt.

- Performance measurement of mostly unknown knowledge is virtually impossible
- What is good science?
- What are the not unintended consequences of the excessive use of indicators?

The market principles are on their way, and that won't hurt, but it will hurt if we forget to consider the nature of science and scientific knowledge.

Thank you very much for your attention!

The presentation can be found on
<http://www.biester.info/>