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Changing University Salary and Career Structures

Robert Farrelly, UWA [Chair]

Michael Hansen, RMIT

Paul Leitch, Mercer



Agenda for Session

- **Mr Robert Farrelly**, Director of Human Resources
University of Western Australia
“A New Academic Career Structure at the University of Western Australia”
- **Mr Michael Hansen**, Executive Director, People and Culture
Royal Melbourne Institute of Technology
“Observations on career and salary structures and current challenges for the sector”
- **Mr Paul Leitch**, Principal & National Leader for Workforce Strategies
Mercer (Australia) Pty Ltd
“Emerging workforce challenges and implications for the sector”
- **Panel Discussion**

**A New Academic Career
Structure at the University of
Western Australia**
Robert Farrelly, UWA



**THE UNIVERSITY OF
WESTERN AUSTRALIA**
Achieving International Excellence



The Strategic Benefits of Change

- Retaining high quality of staff
- International Competitiveness
- Rewarding Performance



New Academic Career Structure – Key Features

- Reduction from five to four academic ranks (three ‘career’ ranks) and use of the more generally accepted international nomenclature.
- Extended and overlapping salary scales with a ‘hard’ salary bar to enter the increments above the current maximum – linked to performance.
- Maintenance of current promotion processes. Appointments will continue to be either ‘ongoing’ (tenured) or ‘fixed term contract’ in accordance with current conditions.
- Continued use of discretionary allowances where appropriate.
- The introduction of additional professorial salary points.

Proposed Salary and Career Structure


Increment	Lecturer	Assistant Professor	Associate Professor	(Full) Professor*	
1	48 905				
2	51 698				
3	54 493				
4	57 287				
5	59 560				
6	61 827*	61 827*			
7	64 099	64 099			
8	66 367	66 367			
9	69 861	69 861			
10	72 482	72 482			
11	75 101	75 101			
12		77 721	77 721		
13		80 340	80 340		
14		82 961	82 961		
15		85 580	85 580		
16		88 200	88 200		
17		90 820	90 820		P1
18			93 440	93 440	P1
19			96 059	96 059	P1
20			98 681	98 681	P1
21			103 057	103 057	P1
22			106 538	106 538	P1
23			110 033	110 033	P1
24				113 526	P1
25				118 304	P1
26				123 081	P1
27				127 865	P2
28				132 740	P2
29				136 073	P2
30				139 406	P2
31				142 740	P2
Negotiable				Negotiated	P3

Nomenclature Comparison – Current System and Proposed

UWA Current Structure	Proposed Structure/Nomenclature*	
	Teaching & Research Staff	Research Staff
Level A (Associate Lecturer)	Lecturer	Research Associate
Level B (Lecturer)	Assistant Professor	Research Assistant Professor
Level C (Senior Lecturer)	Associate Professor	Research Associate Professor
Level D (Associate Professor)	Professor (P1)	Research Professor (P1)
Level D + (Professorial Fellow)	Professor (P1)	Research Professor (P1)
Level E (Professor)	Winthrop Professor (P2)	Research Professor (P2)
	Professor Laureate (P3)	Research Professor Laureate (P3)


Observations on career and salary structures and current challenges for the sector

Michael Hansen, RMIT




Alternative University Pay and Career Structures that Support the Attraction and Retention of Academic and General Staff: Workplace Productivity Program Project 2008-2010

Presentation from the ATN HR Group

- 
- Current pay and career structure is 15 years old.
 - Is it meeting our needs now?
 - Will it be meeting our needs in 15 years time?



- The sector will lose a fifth to a third of staff by 2020
- Competition for staff more intense and increasingly global
- Ability to attract, motivate and retain staff will be vital to service delivery, viability and reputation

- 
- Research project involving the five ATN Universities, Mercer, and AHEIA

 - Three main phases:
 1. Data gathering and analysis (internal/external)
 2. Design
 3. Implementation



Key Aims of Project

- Aligns remuneration, reward, and career structures to University strategies
- Facilitates performance based cultures
- Supports the attraction and retention of high quality staff
- Provides a structured but adaptable approach to remuneration, reward, and careers
- Provides value to staff and the Universities

**Emerging Workforce
Challenges: implications for the
University Sector**
Paul Leitch, Mercer



Emerging Workforce Challenges in the Australian University Sector

Agenda for Presentation

- Workforce issues facing Australian University sector
- Perspectives on the current University offering
- Mercer's approach to Human Capital and the *Total Employment Offering* concept
- Strategically addressing current and emerging workforce opportunities and challenges



Competition for Talent

- Increasing competition between universities for high performing research staff and employees with entrepreneurial skills
- Competition with private sector for quality candidates
 - Especially in maths, science and engineering areas, where such skill sets are being lost to the sector
- Aging profile of the academic and general workforce



Career Development

- Unclear career paths for early career academics and non-academic workforce
- Existing career paths for academic and non-academic staff are rigid and linear in comparison to those available in other sectors, and will need to evolve into non-linear forms
- Career paradigm is dictated by narrow classification structures for general staff; and historic 'one-dimensional' promotional criteria for academic staff



Leadership and Management

- Difficulty in engaging and communicating with academic staff
- More employees in the sector appear to hold an unfavourable view of “management” and University leadership more generally than in other industry sectors, although there has been some improvements noted
[Sources: Changing Academic Profession Study; Voice Project]



Rewards

- Current reward models do not offer universities the flexibility or agility required to meet emerging workforce challenges
- Continuing upward market pressure on salaries for academic staff and other employee groups
- University reward propositions are often not tailored to specific business objectives of each institution, nor have any clear relationship with performance and contribution
- Current practices to differentiate reward between disciplines and reflect employment market realities lack transparency, consistency and have resulted in a plethora of “individual deals”



Turning to the future.....

- Mercer recently commissioned research by Econotech to examine the composition and demographics of the Australian workforce over the next few years
- Three issues which represent a significant challenge include:
 - participation rates
 - population demographics
 - generational cohorts

Australia's 2012 workforce

Annual growth rates for population, workforce and participation rate change

	2002 to 2007	2007 to 2012
Population growth	1.5%	1.4%
Workforce growth	1.7%	1.2%
Participation rate change	0.5%	-0.7%

Data source: 'Profile of the Workforce in 2012' - Econtech research

- Australia's workforce will rise from 11m to 11.7m by 2012
- Participation rate will fall from 63.7% to 63.0%
- Female participation expected to rise, with male participation declining
- Wide variations by region from 0.4% (Tasmania) to 2% (Queensland)



Australia's 2012 workforce

Changes in workforce by Age/Gender between 2007 and 2012

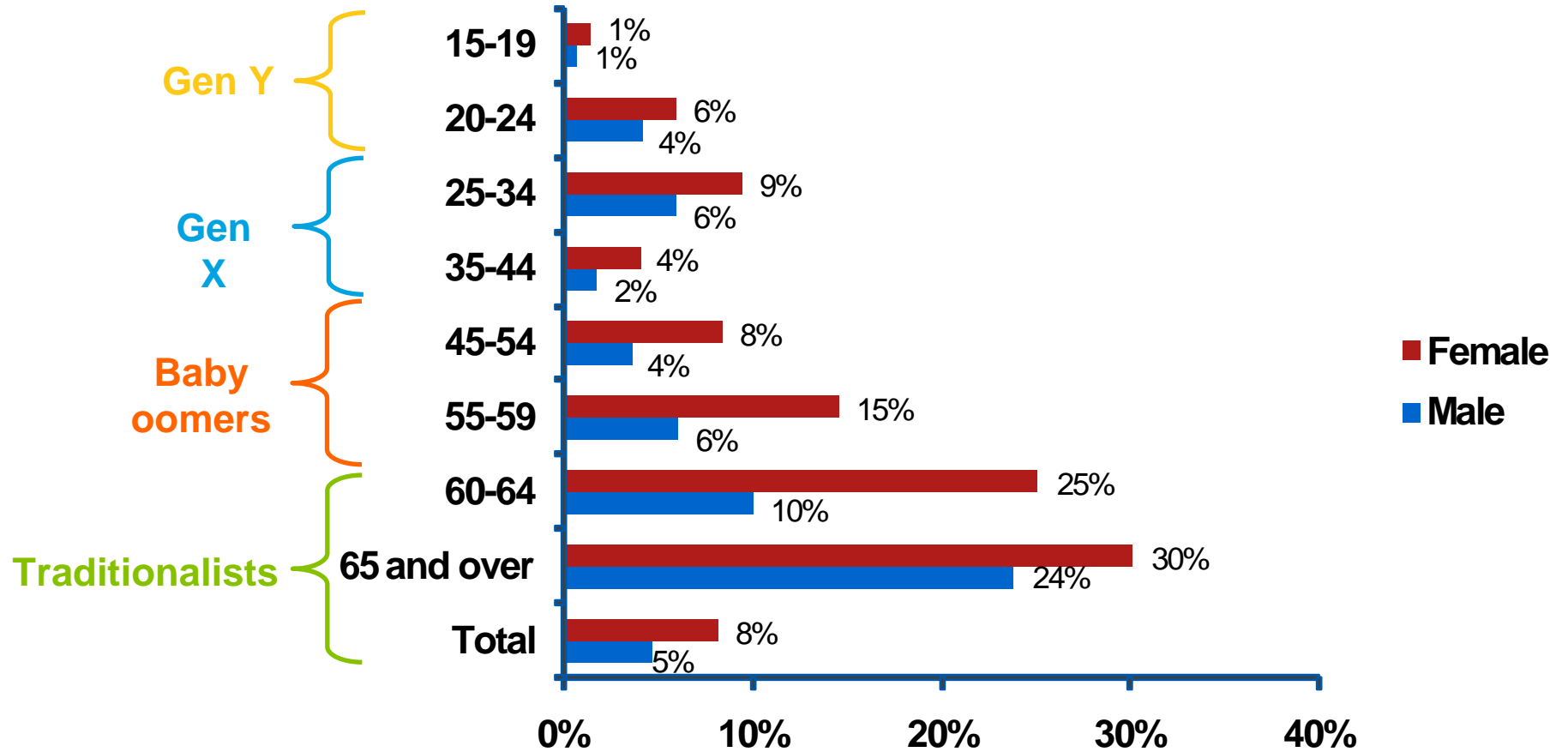


Chart source: 'Profile of the Workforce in 2012' - Econtech research

Workplace 2012 – What will your employees be looking for?

Groups	Traditionalists	Baby Boomers	Generation X	Generation Y (Millennial)
Age	62+	43 to 62	29 to 42	18 to 28
Characteristics	<ul style="list-style-type: none"> Values security Company loyalty 	<ul style="list-style-type: none"> Works hard 	<ul style="list-style-type: none"> Needs work/life balance 	<ul style="list-style-type: none"> Balances work with family Technology-experts Change jobs repeatedly
Value of work	<ul style="list-style-type: none"> Wants expertise and experience to be valued 	<ul style="list-style-type: none"> Wants hard work to be valued 	<ul style="list-style-type: none"> Wants company to value individual contributions 	<ul style="list-style-type: none"> Wants to value own contributions
Drivers in work	<ul style="list-style-type: none"> To build a life 	<ul style="list-style-type: none"> To build a better life 	<ul style="list-style-type: none"> To live better 	<ul style="list-style-type: none"> To live a purposeful life

Source: Employee Benefits of the future, Employee Benefit Plan Review, Jan 2007

Millennial Rising – The Next Great Generation, Howe and Strauss, Vintage Books 2000

Implications for Rewards and Careers

- A greater focus on segmentation will be needed across all Australian organisations – no industry sector is immune
- Perceptions of employees to their employers' reward proposition increasingly values non-traditional factors relating to their overall employment experience
- A more holistic approach to reward will be needed – *employee as customer* – and many employers are responding to this challenge

Total Rewards Framework

Remuneration

- Base pay
- Overtime
- Short-term incentives
- Long-term incentives
- Recognition awards

Benefits

- Health and group benefits
- Retirement
- Work/life programs

Careers

- Performance management
- Career pathing
- Training and development
- Talent review/succession planning

Mercer's own thinking on these issues is also evolving...

Mercer's *Total Employment Offering* Framework

Total Employment Offering

Remuneration

- Base Pay
- Performance Pay
- Recognition

Benefits

- Superannuation
- Flexible benefits
- Salary packaging

Career

- Learning and development
- Promotional opportunities
- Stretch assignments

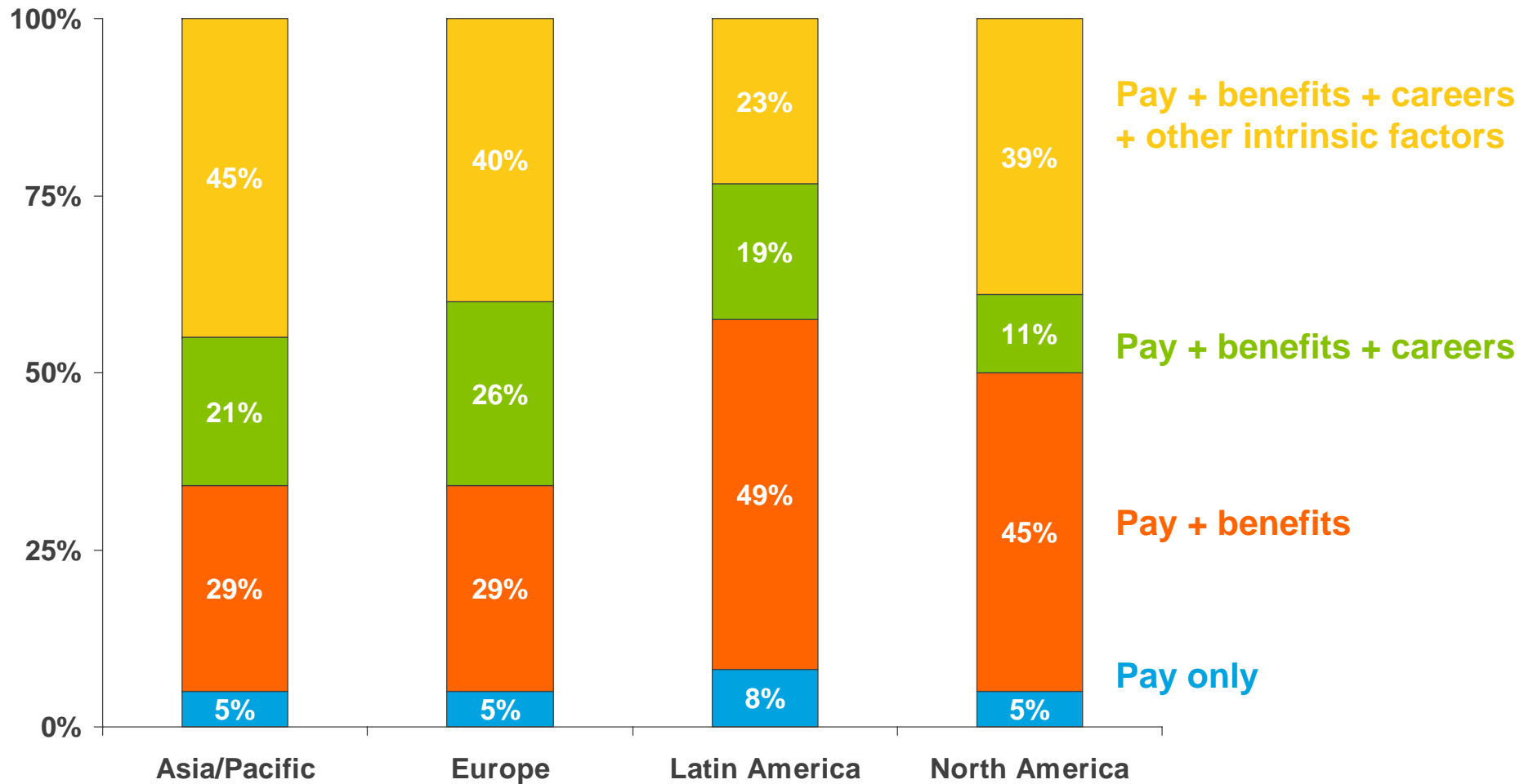
Management

- Style
- Communication
- Decision Making
- Performance feedback

Conditions

- Work/life balance
- Flexible work practices
- Workload
- Culture

Total Employment Offering as an Emerging Practice



Source: Mercer 2007/2006 Total Rewards Snapshot Surveys (Asia Pacific, Europe, Latin America, North America)

What benefits are employees looking for?

Benefits employers think employees value:

1. Self-education expenses
2. Company car/motor vehicle lease
3. Participation in bonus program
4. Employee assistance program
5. Professional association memberships
6. Subsidised/provided mobile phone
7. Subsidised/paid car parking
8. Discounted income protection insurance
9. Employee share purchase plan
10. Social Club program

Benefits employees would **ACTUALLY** value:

1. Discounted private health insurance
2. Home loans at lower interest rates
3. Employee share purchase plan
4. Discounted home / contents insurance
5. Discounts on leisure activities
6. Participation in bonus program
7. Discounted income protection insurance
8. Self-education expenses
9. Discounted financial planning advice
10. Subsidised gym membership

Alignment of the typical University Offering with the Total Employment Offering Framework

Remuneration ✓

- Base pay is positioned around or close to the median of the Australian General Market, on par with the Australian Public Service, better than most State/Territory public services
- Performance and reward links – only apply for senior roles, well behind private sector norms, but their rigour is improving
- Non-financial recognition programs not well developed

Benefits ✓✓

- Superannuation at 17% is very favourable compared to the private sector
- Flexible packaging present in most institutions

Career and Development ✓

- Long-term career progression – pathways need to evolve further
- Learning and development – wide variety of approaches

Alignment of the typical University Offering with the Total Employment Offering Framework

Management and Leadership ✓

- Dichotomy between how things may appear on the outside, and how things might feel for those on the inside
- Represents the element of the Total Employment Offering which has the greatest potential to impact on retention and improvements in engagement

Working Arrangements ✓✓✓

- Flexible working arrangements have been offered for many years
- Work/life balance policies have also been in place for some time
- Alignment of interests and working life – work has a high intrinsic value for many employees
- High calibre working community – strong professional values base

Closing Remarks

- The University sector faces challenges in workforce management going forward in terms of:
 - competition for research funding, students, shrinking demand for services – raises issues of affordability and sustainability
 - population and workforce demographics mean that Universities are not isolated from the wider workforce challenges facing other sectors – ageing profiles, falling participation, shrinking employment markets, difficulty in attraction.....
- Successfully confronting these challenges will involve the strategic use of the Total Employment Offering through:
 - Capitalising on the existing strengths of University reward offering – which are quite considerable
 - Strategically demonstrating flexibility and agility in tailoring reward and career structures
 - Segmenting the workforce in ways other than traditional approaches
 - Ensuring supporting HR and remuneration frameworks facilitate these outcomes



Looking Forward – Taking Action

- With an understanding of employees' views on working life inside the organisation, you can make the changes they will value
- Taking Action will involve taking three key steps:
 - Capitalising on what is working (**Care**)
 - Fixing what isn't working (**Responsibility**)
 - Anticipating the future (**Courage**)
- These three steps will make a difference in helping secure your workforce for the future

Questions for the Panel?

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