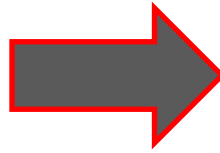


Some Methodological Remarks on Resource Allocation (Peer Learning II)

Prof. Dr. Frank Ziegele

Important theoretical aspect:
consistency responsibility for
tasks and funds has to be
ensured

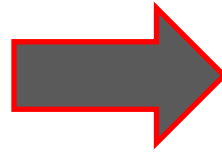
Dean is allowed to
distribute funds internally



Allocation of financial
decision rights in the
faculty

- Decisions on funding should follow the responsibility for tasks
- Financial responsibility strengthens „ownership“, responsibility for products
- If budget follows decentral responsibility for tasks, administrative realization remains central: internal markets, service level agreements, payments (e.g. library, IT)

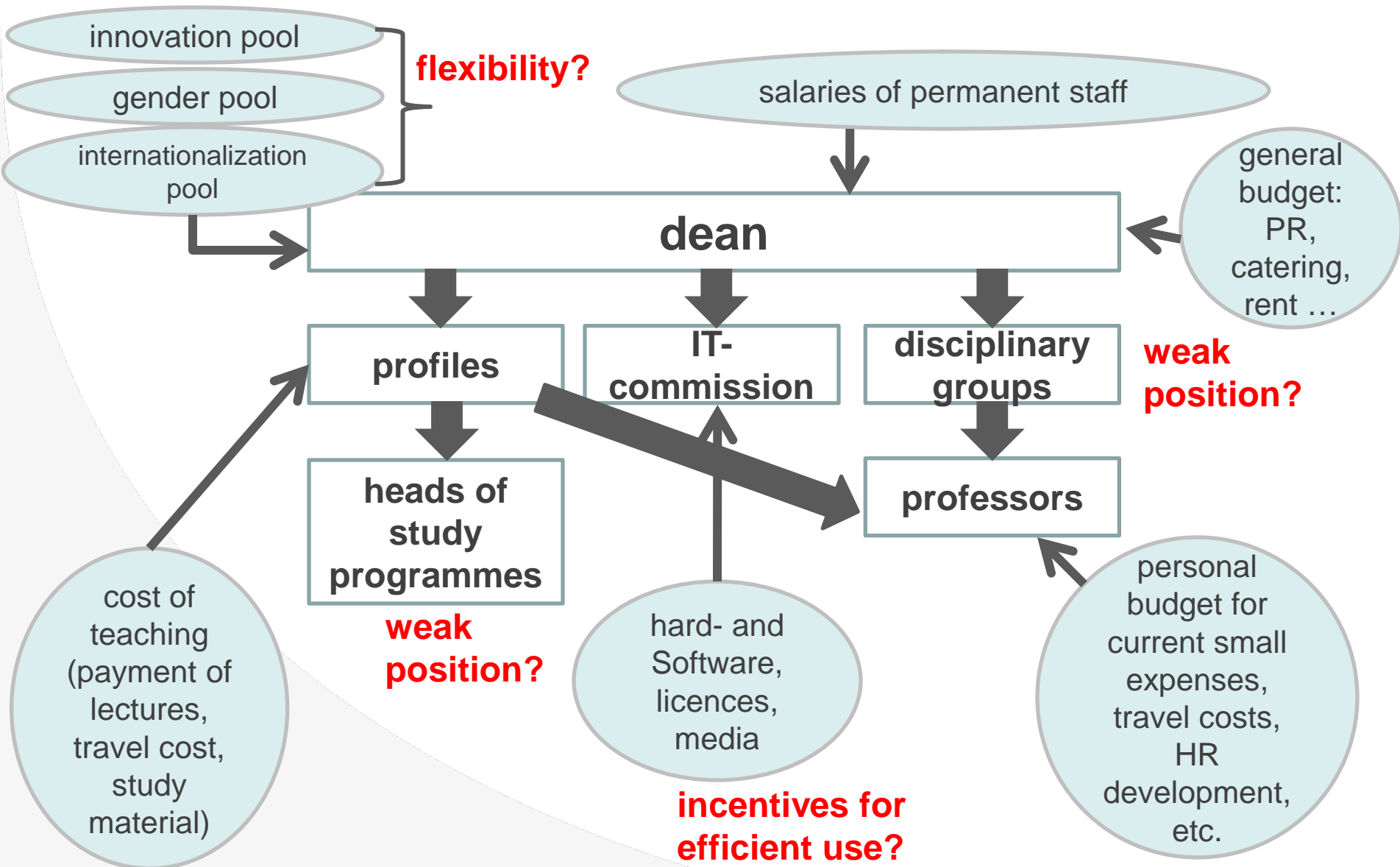
Dean is allowed to
distribute funds internally

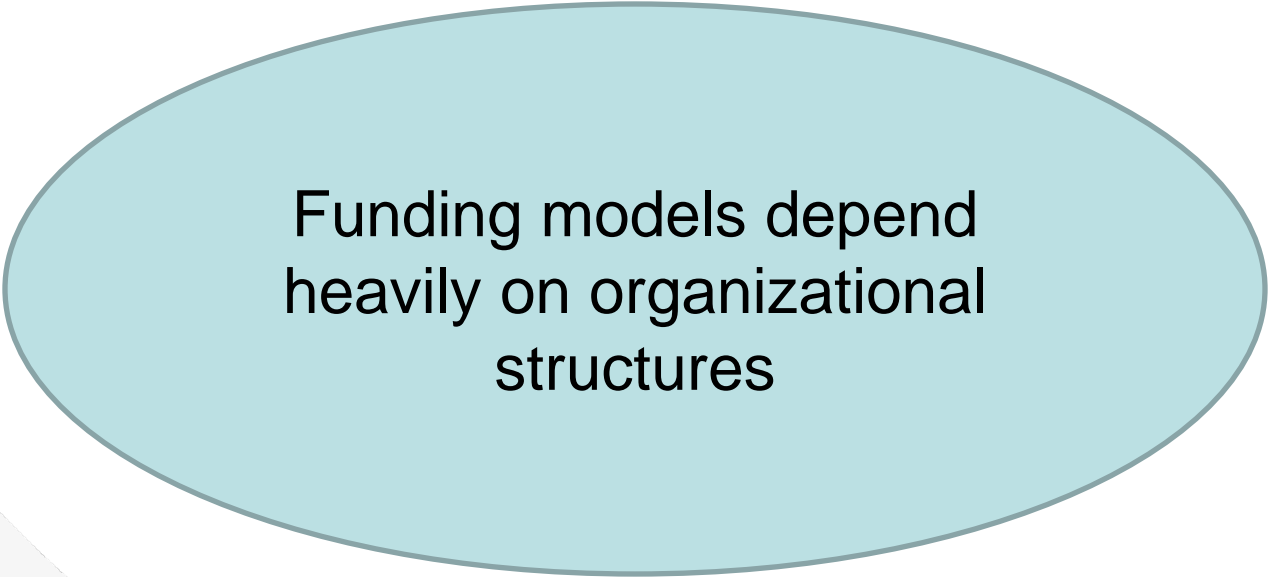


Allocation of financial
decision rights in the
faculty

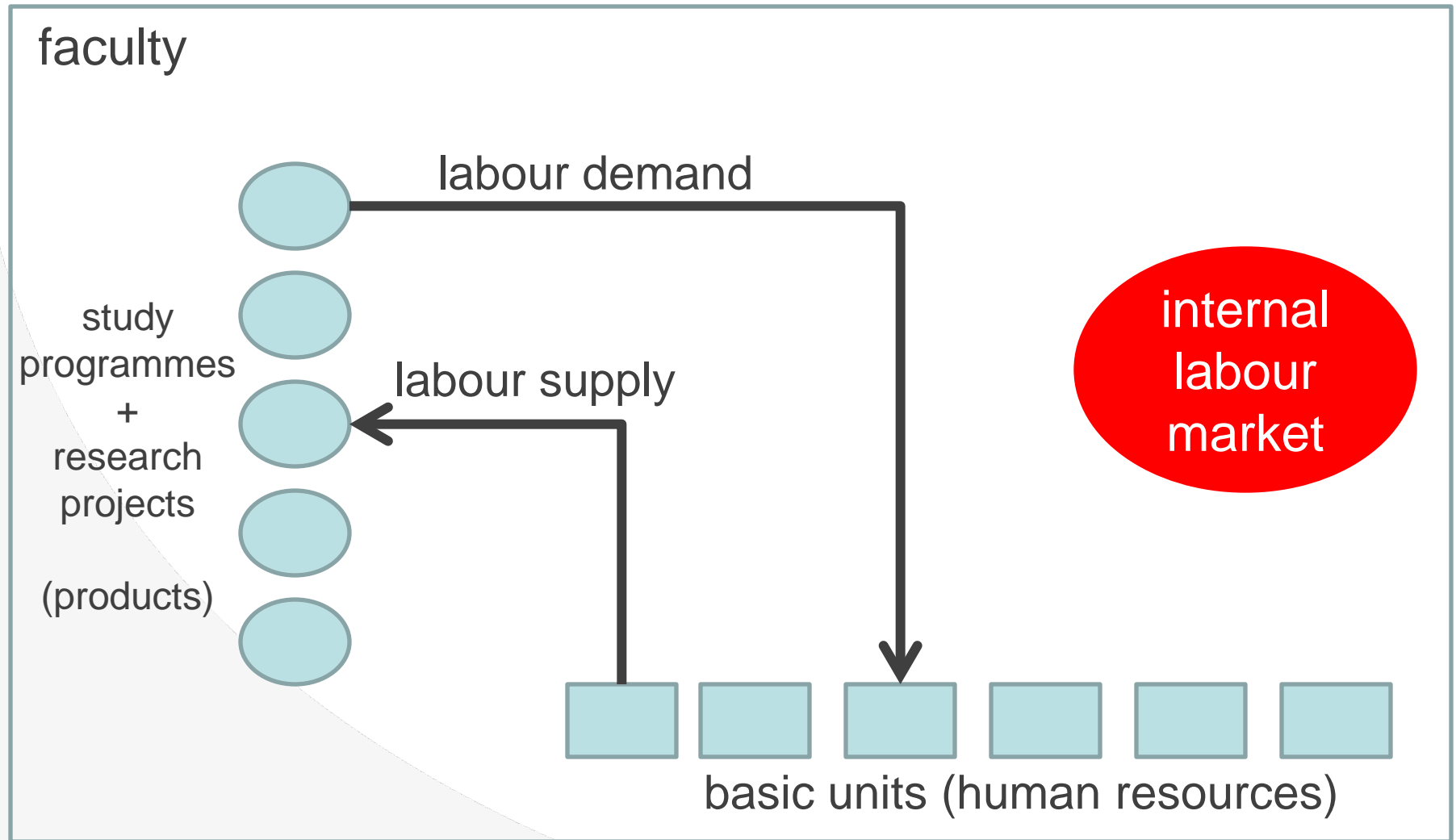
- **Tasks justifying central pools for deans:** innovation, matching funds for external income, general goals (e.g. internationalization), flexible response to urgent needs (e.g. work peaks), overhead functions (e.g. IT)
- **Advantages of central funds:** flexibility, support for strategies, critical masses – **but:** central information deficit, danger for autonomy, inflation of application procedures (external + internal)

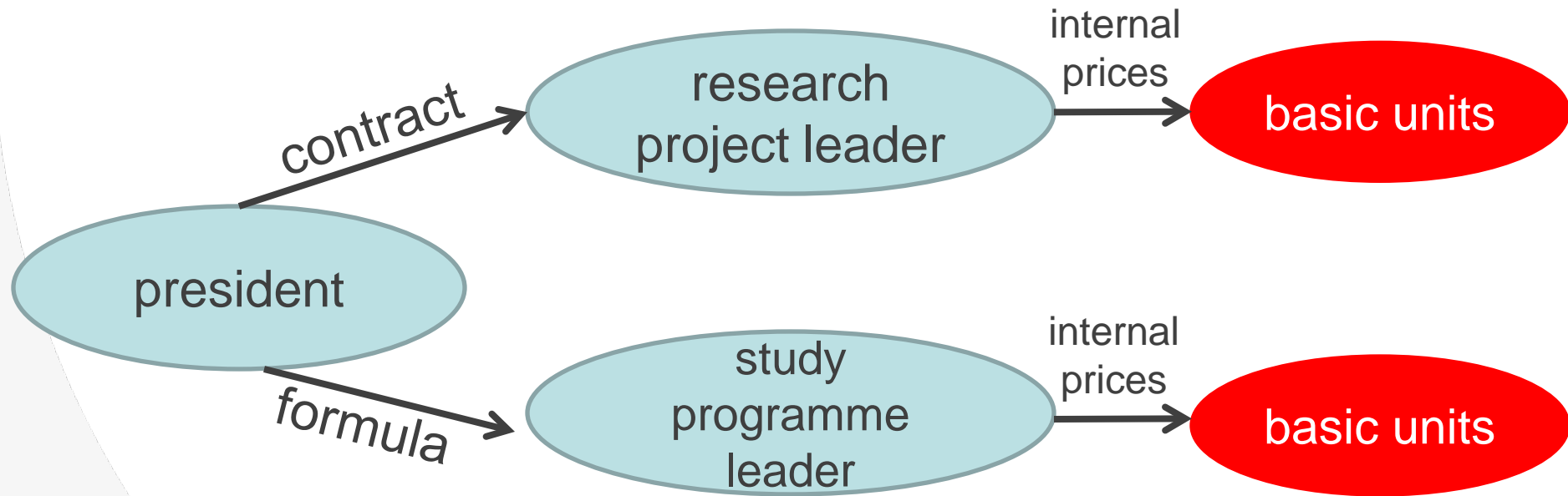
Example: my faculty in Osnabrück





Funding models depend
heavily on organizational
structures





- Variations: internal prices incl./excl. HR development and administration overhead
- Dean: market regulator, intervention if markets are not balanced, prevent financial deficits of basic units
- Weak dean?

Important cultural aspect:
disciplinary cultures have to
be taken into account in the
design of allocation
instruments

Example: formula FU Berlin, faculty philosophy and humanities

education 45 %	qualitative aspects 10 %	2-10 points according to student evaluation of courses
	quantitative aspects 35 %	1-5 points according to number of participants and exams in courses 1-10 points for master thesis, Ph.D. thesis
research 45 %	publications 20 %	2-25 points for articles, books
	third party funds 20 %	2-75 points according to external income
	memberships 5 %	2-10 points for membership in external boards (organizations, organization of conferences)
administration 10 %		1-10 points for membership in internal committees, dean

Example: formula TU Berlin, faculty mathematics and natural sciences



Criteria	Weight
staff (number of professors + scientists, weight for expensive disciplines)	1,5
externally financed staff (number of employees)	0,5
number of exams	0,3 (experimental: 0,4)
Number of students (weight for expensive disciplines)	0,02

Performance-/goal-oriented
instruments (formula, target
agreements) imply complex
design questions,
example target agreement

- Management by objectives, enhance relevance of strategies
- All actors on all levels have goals, need for coordination (e.g. appointment, university vs. faculty strategy)
- Goals and their realization have to be transparent and measurable
- Agreements on goals create legitimization for funding

- Give promises on future performance and receive money for innovations in advance
- Agree on multi-period financial stability
- Enable profile-oriented performance measurement and reward successes
- Give dialogue and negotiation between different levels of academic system a formal structure

How does a contract/target agreement look like ?

Example TU Munich, physics department (quite simple, but shows features)



Zielvereinbarung zwischen der Fakultät Physik und der Hochschulleitung der TU München

Präambel

Der vorliegende Entwurf ist das Ergebnis eines Projekts, welches die Fakultät Physik gemeinsam mit dem CLU Centre for Leadership Development der TU München im Herbst 2010 erarbeitet wurde. Ziel ist es, die Fakultät Physik zu einer Positionierung zu befähigen, die die Fakultät Physik als eine der führenden in der Hochschulleitung der TU München darstellt, welche die Zielvereinbarung als strategische Komponente und zentrale Herausforderung der Zielvereinbarung angesehen werden können. Die Fakultät Physik ist eine der führenden in der Hochschulleitung der TU München.

Strukturelle und funktionale Veränderungen werden durch die Fakultät Physik und die Hochschulleitung der TU München gemeinsam zu beschließen sein.

§ 1

Gegenstand und Ziele der Vereinbarung

Ziel dieser Vereinbarung ist eine strategische Ausrichtung der Fakultät Physik an der TU München, die durch eine, an der Fakultät Physik orientierte, strategische Ausrichtung der Hochschulleitung der TU München an der Fakultät Physik zu erreichen ist. Die Fakultät Physik soll die strategische Ausrichtung der Hochschulleitung der TU München an der Fakultät Physik zu erreichen ist.

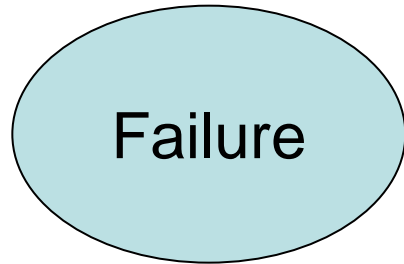
Die Fakultät Physik soll die strategische Ausrichtung der Hochschulleitung der TU München an der Fakultät Physik zu erreichen ist. Die Fakultät Physik soll die strategische Ausrichtung der Hochschulleitung der TU München an der Fakultät Physik zu erreichen ist.

Als Ergebnis der Zielvereinbarung wird die Fakultät Physik zu einer Positionierung befähigt, die die Fakultät Physik als eine der führenden in der Hochschulleitung der TU München darstellt, welche die Zielvereinbarung als strategische Komponente und zentrale Herausforderung der Zielvereinbarung angesehen werden können.

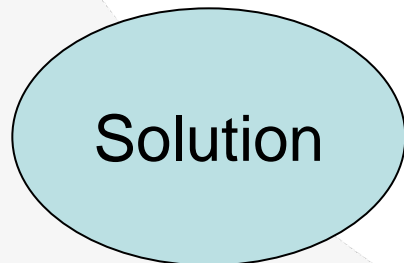
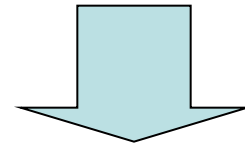
1. Erhaltung der Stellung der Fakultät Physik in der Fakultät Physik durch attraktive neue Studiengänge.
2. Gewinnung von Studierenden und Förderung der Verbindung der Naturwissenschaften in der Fakultät Physik zu einer strategischen Ausrichtung der Hochschulleitung der TU München.

- Contract as written document, agreements between organizational units / persons from different levels of the university system
- Contract as published document with a certain degree of publicity on contents
- Fixed and multi-period time horizon (usually 2-5 years)
- Central unit promises money / support, decentral unit promises performance (contribution from two sides to common goals)

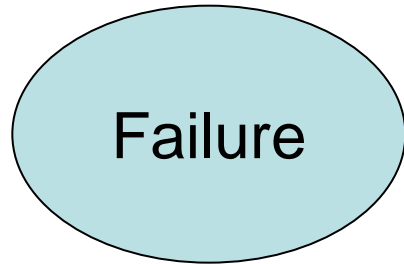
- Contract has to be consistent with strategies, specify general strategic goals for a certain unit and period
- At least two people have to sign, personal responsibility
- It is not just writing a document, but also a dialogue process, relationship as partnership
- Definition of measurable success criteria, implementation of controlling mechanisms
- Contracts linked with incentives and sanctions for goal attainment



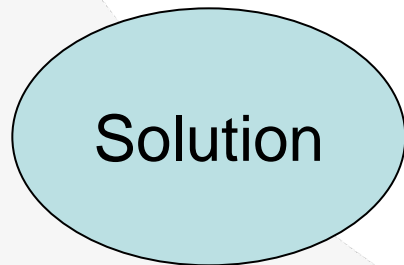
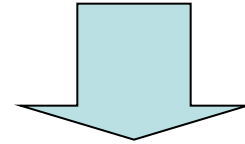
No real priorities, list all kinds of activities, write what you do anyway



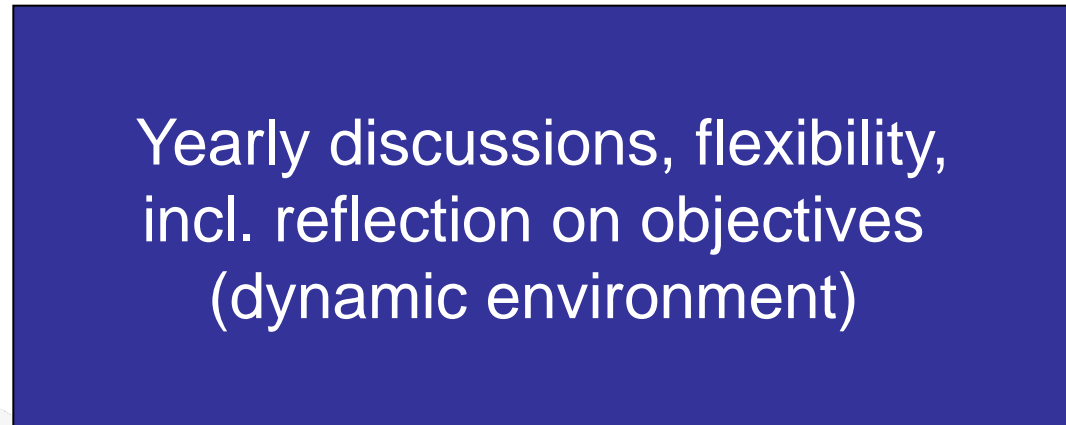
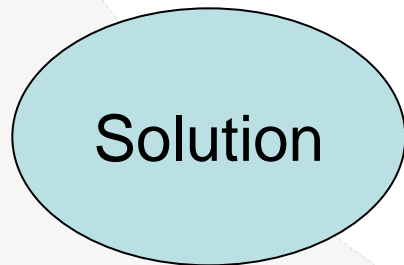
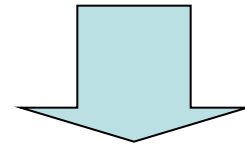
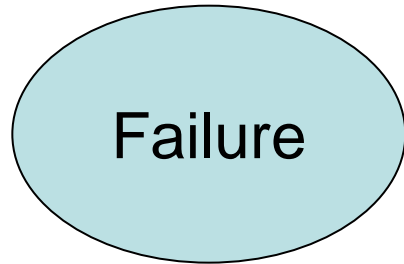
Focus on 2-4 priorities, mention central goals but say „pick out what is important for you“

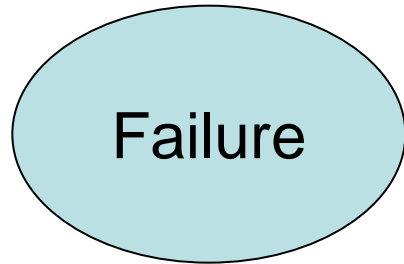


Intention to steer with goals,
but in contracts goals are not
described precisely or
the realization of certain measures
is used as success criteria

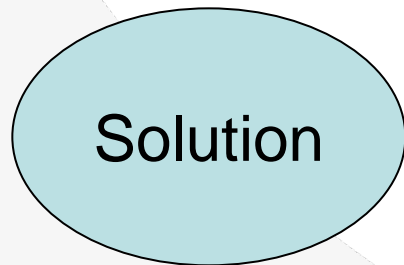
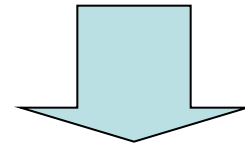


Rules of the game: quantification/
specification of goals,
measures/activities can be men-
tioned but are no success criteria





If contracts are used in connection with innovation finance (and heterogeneous performance indicators): problem of comparative assessment of quality



Leadership, transparent criteria, support by expert group, vote of the „extended rectorate“ (rectorate+deans)

- Fix central strategic goals, but decentral decision on weights, priorities, operationalization, additional goals
- Give a structure for document:

general description	indicator (qual./quant.)	goal value	time horizon	contribution to central strategy

- Central unit not allowed to suggest measures

- Clear description of negotiation process, enough time for dialogue
- Clear schedule (limited time, but enough time for internal discussions in decentral unit)
- Financial support by innovation pool
- Include status quo analysis in contract
- Test if clear measurement of all objectives is possible
- Allow flexibility during period
- Clarify financial incentives / sanctions (reward future goals in advance and reward performance ex-post)
- Fix reporting duties (keep it lean and dialogue oriented)

Example for right level of goal description

