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Good practice

Evaluating the regional contribution of an HEI

A benchmarking approach

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Evaluating the regional contribution of an HEI

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To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Strategic planning, Regional development, Links with business and the community
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Executive summary

Purpose

1. This benchmarking tool is designed to help higher education institutions (HEIs) assess the contribution they are making to their region. It aims to encourage debate on a voluntary basis within and between individual HEIs, to assess the contributions they are making to the economic and social development of their region, and how those contributions might be developed.

Key points

2. The tool has three functions:
 - to assess improvements in the strategy, performance and outcomes of HEI regional engagement
 - to help the HEI set its strategic priorities
 - to support joint strategies within a regional partnership.
3. We do not propose to require individual HEIs or HEI regional associations to use the tool in any particular way. It will not be used as a basis for allocating resources. Where HEIs do decide to use the tool, it will be for each to decide how to follow up the results and whether to make them publicly available.
4. Comments on the tool, and feedback from HEIs on their experience of using it, would be welcomed. These should be sent to David Charles at the Centre for Urban and Regional Development Studies (CURDS), University of Newcastle upon Tyne.

Background

5. This benchmarking tool has been developed as part of a project funded by the HEFCE, with the support of Universities UK, to identify and communicate the regional contributions made by HEIs in England. The project focused on the existing activities of HEIs in their regions, and examples of good practice. Results have been published in a series of reports covering each of the English regions, with a national overview report ('The Regional Mission', available from Universities UK).

6. This document goes one step further, offering institutions that wish to engage with their regions a way of assessing the contribution they are making, by reference to the likely needs of the region. It is up to institutions whether and how they use the tool. We do not intend to use any results to produce rankings of HEIs, or to allocate resources, as institutions will vary in their natural capacity to meet different benchmarks. But we believe that the benchmarking process will help HEIs to identify priorities and work towards good practice.

Objective

7. The objective is to give individual HEIs a means of assessing their regional impact. The key challenge is to highlight not just linear relations between an HEI and its region, but also a wide range of strategic interactions. Strategic priorities for regional engagement should be regional development processes which link between, for example, economic development and educational attainment, or community regeneration and the formation of new firms.

8. The tool assesses whether or not, across a broad range of processes, an HEI contributes significantly to regional development. It does not assess how well managed it is, nor its success in educational or research terms. Not every HEI will want to contribute in all possible ways identified. All HEIs will have a combination of strengths and areas of lower contribution. The latter may be strategic choices rather than weaknesses. What is important is that HEIs seeking to contribute to particular regional development processes should aim to achieve good practice.

9. The tool is also designed to work with a regional assessment tool for identifying regional problems and priorities.¹ It can therefore support the development of a collective strategy by the HEI and a range of regional partners.

10. The tool therefore has three functions:

- to assess improvements in the strategy, performance and outcomes of HEI-regional engagement
- to help the HEI set its own strategic priorities
- to support joint strategies within a regional partnership.

¹ This tool was developed by CURDS in a different context. For further information contact David Charles at CURDS.

Why use a benchmarking approach?

11. Benchmarking is a well established element in the process of continuous improvement for commercial companies, and has recently been applied in other areas, such as public services.
12. Several aspects of benchmarking are valuable:
 - a. A range of benchmarks can cover the variety of actions undertaken by a heterogeneous set of HEIs. Any HEI can identify at least some areas in which it can be successful, rather than being assessed against a few externally selected criteria.
 - b. Benchmarking can support decision-making on where HEIs should devote more effort to support their regions more effectively. This can be usefully connected with a parallel exercise at regional level to determine regional priorities.
 - c. Benchmarking approaches have been developed which use qualitative as well as quantitative indicators, process measures, and leading and lagging indicators. They can therefore help to identify if good practices are being adopted without waiting to measure outputs.
 - d. Benchmarking allows the combination of different forms of measurement, and models of performance.

Quantitative and qualitative measures

13. In assessing how an HEI interacts with its region there are typically two main approaches: quantitative indicators of performance (such as how many firms have been assisted, or jobs created, or the number of visitors to an art gallery); and qualitative assessments (such as how well the HEI undertakes processes such as graduate placement, or participation in regional economic development partnerships).
14. There are several problems with quantitative indicators:
 - a. They reflect past actions and policies rather than current strategies.
 - b. They are highly influenced by the structure of HEIs and inputs such as the quality of students.
 - c. They are often crude surrogates for what needs to be measured, and there is a risk of seeking to deliver the required indicators rather than the desired outcomes.
 - d. It is easier to measure absolute outputs than value added.
 - e. There may be significant time-lags in ultimate success.
 - f. Significant economic impacts may require risk-taking, and hence there is a likelihood of short-term failure and poor performance even if the approach is correct.
15. Despite these difficulties, there is considerable investment in the development of performance indicators, which are valuable for assessing whether additional investment in a particular activity affects the scale of impact of that activity.
16. Qualitative assessments also have shortcomings:
 - a. Good practices may depend on the context, so the relative success of one approach may be difficult to judge.
 - b. Most qualitative evaluation is akin to description, and generalisation is difficult.

17. Both quantitative and qualitative assessments suffer from a problem of scale. At what scale should measurement take place, and what measurements can be applied across a wide range of departments and activities? Many activities are undertaken by parts of the HEI only, or are small elements within the work of a department, and hence tend to be unmeasured or unreported to the centre of the HEI. The efforts of individuals may be significant but go unnoticed within their departments.

18. These problems are not of course particular to HEIs. The approach used here builds upon existing benchmarking by, for example, the European Foundation for Quality Management, but applies the concepts to this new field.

Structure and use of the benchmarking tool

19. The benchmarking tool has several elements:

- a. Analysis of existing quantitative indicators, and the development of new quantitative measures of core, regionally-oriented activities.
- b. Benchmarking questions on aspects of institutional management and culture related to promoting regional engagement.
- c. Questions on the main themes of regional economic and social development. For each of these, good practice in the support of regional processes is the benchmark to be attained.

20. As presented here, it is for use at an institutional level, but certain aspects may be applied to sub-units such as campuses or faculties. It is designed to be implemented within cross-functional and cross-departmental groups in an HEI, and to involve staff at all levels and students.

21. A five-point scale represents the spectrum from poor to good practice, which can be used to produce scores for groups of indicators. Institutions can use these results, with the quantitative data, to identify areas in which they are performing well. This can be extended to internal analysis of which departments or units are achieving good practice.

22. More importantly, the process of benchmarking can stimulate discussion and internal assessment of where to focus effort, for the benefit of both the region and the HEI. Such discussions could consider:

- a. What are the mechanisms within the HEI to establish a consensus on strategic priorities for regional development.
- b. What mechanisms can be established within the HEI to link existing regionally-focused activities and add value to them.
- c. What mechanisms exist within the HEI to balance its different geographical roles and create synergy between them.
- d. What mechanisms exist within the region to consider issues such as health, culture, the economy, and community regeneration, in a joined-up way.
- e. What mechanisms can be established to bring together those involved in the regional development process such as HEIs, Regional Development Agencies, community groups and central government, so they can prioritise which regional needs should be addressed.

Practice and performance indicators

23. The benchmarking tool uses two types of indicators, practice and performance, for each aspect of the HEI's engagement.

a. **Practice indicators** relate to the ways in which the HEI seeks to interact with the region. The aim is to assess if the HEI is 'doing the right things', putting good processes in place that will lead to beneficial regional outcomes.

b. **Performance indicators** assess the consequences of past actions. They show whether the HEI 'did things right' in the past and therefore has achieved strong outputs. They could also be evidence of a regional environment in which it is easy to get the outputs even without the right processes.

24. An organisation that currently performs well and achieves good outcomes but has not put good practices in place will be vulnerable to declining performance in future. Its current success may be as a result of high levels of resources in the past, or a strong regional environment. Conversely, an HEI with good practices may not achieve good performance if it is operating in difficult circumstances.

25. HEIs can use their indicator scores to examine how engagement is spread across the range of regional development activities, and where the balance is between current performance and those practices needed to ensure improvement in future.

26. HEIs vary greatly in mission, size, subject offer, and research intensity. That necessarily impacts on the scope for, and nature of, their regional engagement. The benchmarks which follow need interpreting in the light of each HEI's particular circumstances.

Using quantitative data

27. Quantitative data can be used in a raw state to compare with sector averages, adjusted according to various criteria, and used to show over- and under-performance. This is the case with some existing HEFCE performance indicators relating to socio-economic status of students.

28. Another approach is to develop five-point scales which can measure achievement of target levels of performance or degrees of improvement. So, for example, the scale might differentiate the raw number of spin-off firms established; the number of firms divided by a measure of size or research performance; the number as a proportion of sector averages (less than average, 50 per cent more than average); or a level of improvement (same as last year, 50 per cent more than last year).

Using qualitative data

29. Qualitative data needs to be translated into a numerical score for analysis. This can be done by developing a scale from poor to good practice in performance (for example, no testing of user satisfaction, irregular testing of user satisfaction, regular testing of user satisfaction). The indicator will only be useful if it actually differentiates, so the full scale should be used to guarantee maximum sensitivity.

Putting benchmarking into practice

30. It is up to HEIs to decide how to use the tool. But to get best results, the benchmarking should be undertaken through a five-stage process which aims to ensure that:

- different interests in the HEI are involved
- the evaluation of practice is removed from existing interests in strategies, policies and projects
- there is ownership and consensus on the view of regional practice
- the results of the benchmarking are given back to the people who need to act upon them.

31. The five stages are as follows:

- a. **Initiation.** A team is established to implement the benchmarking approach, briefed on the objectives, provided with copies of the benchmarking tool included in this document, and informed on how to complete it.
- b. **Preparation.** Each team member examines a copy of the benchmarking tool, and makes an initial assessment.
- c. **Workshop.** An event is held in which all the questions are discussed, and a single common set of answers agreed.
- d. **Report.** The responses are analysed and results are returned to the participating team members and other regional partners.
- e. **Dissemination.** The results of the report are discussed by the team and perhaps with other regional partners to decide how the findings will be used and disseminated.

32. If the HEI wants to examine a more limited sub-set of benchmarks, perhaps focused on a specific theme, then a one-off meeting could be organised to address that theme, involving relevant HEI staff and partners from outside the institution.

Initiation

33. The co-ordinator of the benchmarking process receives a copy of this benchmarking document, and is responsible for assembling the team, distributing materials, arranging meetings and encouraging responses. The benchmarking team should represent the following groups:

- senior management (for example, a pro vice-chancellor, senior administrative staff)
- staff responsible for links with business and the community (regional office, careers service, innovation support)
- faculty and departmental management
- research and teaching staff.

34. Additionally the HEI might want to include representatives of students, and of key local partners such as an HE liaison officer from a Regional Development Agency or local authority.

Preparation

35. Each member of the team should spend some time reading through the questionnaire and the accompanying guidelines in this document. They should then score the HEI for each question on a scale from 1 to 5 as indicated. Questions should be left unanswered if the

respondent has no real knowledge of that specific issue, or cannot justify their response. Certain statistical data will need to be collated and the co-ordinator should take responsibility for gathering this from relevant officers.

Workshop

36. For a number of the questions there will probably be a variety of responses. In the workshop each question should be examined and debated by the group in order to reach a consensus.

37. At this stage, an important learning process is to examine why there might be different perceptions of the HEI's rating on a specific issue. Also a detailed understanding can emerge of where major problems lie.

Report

38. The purpose of the benchmarking exercise is for the group members to articulate their views on the current position of the HEI, and for this to be combined with a variety of base-line indicators. This allows a combined analysis of the performance and practice of the HEI. The analysis takes place after the workshop, and can be returned as a written report or as a series of bar charts or web diagrams produced using a standard spreadsheet package.

Dissemination

39. Following the return of the reports on the HEI, the co-ordinator can explore the issues raised by the analysis and discuss with the group which are the priority issues for action. The group may then decide on wider dissemination, sharing the results with a wider group of individuals and bodies within the HEI as part of a strategy development process.

Framework for assessing regional needs

40. Regional competitiveness can be defined as the ability of the members of a region to ensure that businesses based within it are achieving higher levels of value-added, measured against international competition, sustained by the assets and institutions of the region – thereby contributing to rising GDP, a broad distribution of wealth across the population, a high standard of living, and increases in learning and knowledge.

41. The benchmarking tool presented here builds upon work by CURDS to develop indicators to assess the competitiveness of a region. This uses a combination of outcome statistics, and more qualitative assessments of inputs and developmental potentials.

42. Seven main groups of processes underpin regional competitiveness:
a. **Enhancing regional framework conditions** – supporting the regional infrastructure, regulatory frameworks and underlying quality of environment and lifestyles. This includes the HEI helping the region to identify where improvements can be made, or providing direct input to the quality of the local environment.

- b. **Human capital development processes** – supporting the development of human capital through education and training both within the HEI and in other organisations. The emphasis here is on how the HEI adds to the stock of human capital by facilitating the development of people in the region, and retains both local and non-local graduates. (The education of people from outside the region who then leave it does not add to the stock of human capital in the region, and therefore is not relevant for this process. However it may be important at national level, and it does add to regional GDP.)
- c. **Business development processes** – the creation and attraction of new firms, as well as support for developing new products, processes and markets for existing firms.
- d. **Interactive learning and social capital development processes** – encouraging co-operation between firms and other institutions to generate technological, commercial and social benefits. Regional collaboration and learning between organisations are important in regional success. HEIs can promote the application of knowledge through regional partnerships, and encourage networking and the building of trust.
- e. **Redistributive processes** – ensuring that the benefits of enhanced business competitiveness are widely shared within the community, and that the health and welfare of the population are maximised.
- f. **Cultural development** – the creation, enhancement and reproduction of regional cultures, underpinning the other processes above, and interpreting culture both as activities that enrich the quality of life and as patterns of social conventions, norms and values that constitute regional identities.
- g. **Promoting sustainability** – long-term regional development must be underpinned by processes seeking to improve sustainability, even though some of these objectives may appear to conflict with business development objectives.

43. The activities of HEIs which contribute to these seven processes can be identified and mapped to assess their contribution to regional competitiveness. These contributions could be either active or passive, and could also be unintended or in opposition to an institution's own objectives. The issue is not the assessment of an institution's strategy or measurement of what makes for a successful HEI, but the extent to which the HEI's actions are beneficial to the region. However, if the institution seeks to contribute to the success of its region, the analysis of the regional shortcomings in these processes will indicate priorities for engagement.

44. Hence the benchmark measures that follow are grouped according to the regional development processes rather than internal characteristics of the HEI, and measures and outcomes need to be examined for relevance to the underlying competitiveness mission.