

Aligning Human Resource Management with Strategies

A Real-world Case Study

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Abstract

The strategic human resource management process emphasizes the importance of aligning human resource management activities and practices with an organization's strategies to support and sustain the overall success of the organization. This paper uses a real-world higher education institute, X University¹, as a case example to illustrate how this can be accomplished.

Specifically, human resource management in the areas of employee training and development, performance management, compensation policies and practices, and benefit administration at X University are examined and best practice recommendations in each of the above mentioned areas are outlined to ensure that they are aligned with its latest strategic direction, known as XU – 20XX. The successful implementation of these best practice recommendations is of paramount importance to ensure those human resource management activities and practices at X University can be leveraged to achieve its strategic goals and objectives.

In addition, it is recommended that X University performs a job analysis to ensure that its jobs are designed and organized appropriately to support the successful implementation of XU – 20XX. Further, best practice recommendations for the university to successfully operate globally and manage the increasingly diverse student population on campus are briefly outlined. The details of this research are the subject of another effort which also encompasses potential ethics and legal issues X University may face.

The case study presented in this paper offers an excellent example of how human resource management activities and practices can be aligned with an organization's strategies to support and sustain the overall success of the organization. The best practice recommendations proposed can be used as a valuable resource and reference to help other organizations improve their strategic human resource management process and human resource management activities.

¹ X University is a fictitious name used to hide the identity of the focal company.

Introduction

As a part of its five-year planning, X university has formulated its strategy under XU 20XX – A Roadmap to Excellence. The key element of the XU 20XX initiative is its desire to compete with much more reputable higher education institutions in the local area by 20XX. Therefore, this strategic direction should be the guiding force for the university's strategic implementation process through 20XX.

The strategic human resource management process emphasizes the importance of aligning human resource management activities and practices with an organization's strategies to support and sustain the overall success of the organization [1]. There are a few important human resource management areas that have direct impact on the ability of X University to compete in the local educational landscape. First of all, among the many details of the strategic implementation, employee training and development are important aspects of this process. Without more competent and accomplished faculty and staff, it is impossible for X University to catapult itself to a level to be able to compete with more reputable and recognized institutions in the region.

Compensation sets the mark for the type of talent and the quality of the workforce an organization can attract. Compensation policies and practices reveal how much an organization values its employees. In addition, benefit programs compliment compensation and demonstrate how much an organization cares and appreciates its employees. Compensation and benefits influence employees' behavior and productivity and determines how employees perform. It also determines whether they stay, leave, or retire. Therefore, compensation policies and practices as well as benefit programs should be leveraged as a competitive edge to attract talent and retain good employees and keep them happy, motivated, and productive. Performance management and compensation administration are closely related. Employees should be appropriately rewarded based on performance assessments that clearly differentiate various levels of contribution and achievement. Undoubtedly, compensation, benefit programs, and performance management are the other areas of human resource management that can help X University to not only compete with the resources available but also attract more talent to achieve its strategic goals.

In this paper, human resource management in the areas of employee training and development, performance management, compensation policies and practices, and benefit administration at X University are examined in light of its XU 20XX strategic directions. Further, best practice recommendations in each of the above mentioned areas are outlined to ensure that they are aligned with its strategic intention. The successful implementation of these best practice recommendations is of paramount importance to ensure those human resource management activities and practices at X University can be leveraged to achieve its strategic goals and objectives.

The paper proceeds with sections dedicated to each of the above mentioned four areas of human resource management that are important to the successful materialization of X University's aggressive strategic intention. The paper concludes with a few additional recommendations and best practice suggestions. It is recommended that X University performs a job analysis to ensure

that its jobs are designed and organized appropriately to support the successful implementation of XU – 20XX. Further, best practice recommendations for the university to successfully operate globally and manage the increasingly diverse student population on campus are briefly outlined. The details are the subject of another research which also encompasses potential ethics and legal issues X University may face. It is recommended that the leadership at X University looks into these potential issues immediately and takes the necessary actions to rectify the situation as soon as possible.

Employee Training and Development

In the area of employee training and development, it is strongly recommended that X University follows the high-leverage training approach. The guiding principle of this approach is to align training with an organization's strategic business goals and objectives. This training methodology is quite applicable to the university at this juncture, given its current ambitious strategic goal, under the context of XU 20XX, to compete with much more reputable higher education institutions in the local area. Therefore, it is recommended that X University use the high-leveraged training best practices for its training programs.

The best practice process of high-leveraged training methodology starts with identifying training activities that help achieve the business strategy. This can be accomplished by conducting a needs assessment by identifying "pressure points". For instance, the university's IT staff presents a pressure point since it has experienced numerous technical difficulties with its IT services recently in the areas of email services, website reliability, and website broken links. This particular pressure point necessitates the urgency of IT staff training.

There are also performance and job competency issues in the administrative areas such as admissions, finance, registrar office, and the international office. Hence, staff training and development are also necessary.

Therefore, major training programs should focus on IT and administrative staff. In terms of the actual training methods, instructor-led lectures are recommended for IT staff training sessions. For administrative staff, the initial sessions should also be instructor-led but followed by on-the-job trainings.

In the area of employee development, it is also important to align it with the university's strategic directions. Each functional unit of the university should identify its own goals and objectives that are consistent with the university's current strategic direction. The unit level goals and objectives are then to be used to guide employee development.

Given that X University is an educational institute, the main employee development program naturally should be based on formal education. For example, it is recommended that employees with leadership potential completing an MBA program as a part of his or her career development. Employees with other aspirations are encouraged to take formal education as well to further their careers.

Performance Management

X University currently uses paper-driven performance review methods. Performance reviews are administrated only once per year at the end of the business cycle. Employees are asked to document their accomplishments about one month before their annual review while no goals or objectives are set at the beginning of the business cycle to measure against. Apparently, the current process needs to be changed and improved.

First of all, performance management must be aligned with the university's strategic directions. Each functional unit of the university should define its own relevant goals and objectives that are consistent with XU 20XX to compete with much more reputable institutions in the local area.

Employees must established goals and objectives based on their career aspirations at the beginning of the business cycle. They should also document their plans for meeting the goals, objectives, and specific job related performance parameters based on the job analysis. In addition, employees should also establish measurable goals and objectives that are relevant to the ones of their own functional unit that are consistent with the university's strategic mission. This is to ensure that employees contribute to the overall strategic direction of the university. All of these must be agreed upon between the employee and his or her manager at the beginning of the business cycle.

It is recommended that employee performance feedback sessions are scheduled on a quarterly basis instead of on an annual basis. Quarterly based performance feedback sessions allow management to give timely feedback to their employees and also give employees the opportunities to make improvement if necessary. At the same time, quarterly based performance feedback sessions have the flexibility to allow adjustments to be made to the initially set goals and objectives when necessary.

Employees' performance should be measured based up their accomplishments towards the agreed upon goals and objectives. It is recommended that a combination of performance measurement methods be used to assess employees' performance as accurate and complete as possible. On the other hand, the forced distribution should not be used as a performance measurement method. According to [2], performance measurement methods such as forced distribution lead to employees competing among themselves internally instead of competing with competitors. It effectively, for example, crippled Microsoft's ability to innovate [2].

Performance management information should be linked with compensation administration. Therefore, it is recommended that performance assessment clearly differentiate various levels of contribution and performance. Managers should be trained so performance decisions are made in a consistent and uniformed fashion. It is recommended that the online training modules be developed to help managers administrate performance management.

Compensation Policy and Practices

Compensation policies and practices reveal how much an organization values its employees. Compensation influences employees' behaviors and productivity and determines how your

employees perform. It also determines whether they stay, leave, or retire. Therefore, compensation policies and practices should be leveraged as a competitive edge to attract and retain good employees and keep them happy, motivated, and productive.

X University's current strategic goal is to be able to compete with local area higher educational institution of greater quality and reputation. As such, compensation policies and practices should be aligned with such and used to support the drive to excellence.

Benchmark analysis reveals that faculty's compensation at X University is much lower than that of local higher education institutions it intends to compete with. According to the average faculty salaries information provided by Chronicle of Higher Education [3], on the average, full professors at X University makes about 32% less than full professors of an institute that X University intends to compete with in the near future. For associate professors, the number is 30%. The gap is smaller but still significant at the assistant professors (21%) and instructors level (24%). As evident by the numbers, to align compensation policies and practices with its business strategies, X University will have to close the huge gap in compensation.

In light of the above analysis, it is recommended that X University's compensation program should be made up of three components: (1) base pay, (2) merit increases based on meeting agreed upon individual performance goals and objectives, and (3) bonus based on contributions to the goals and objectives consistent with XU 2015. The merit increase is designed to close the gap in the long run while bonus payment is used to close the gap on a short term basis.

A few other best practice recommendations are warranted for X University. First, compensation policies and practices should be clearly communicated and articulated to employees. Second, formulas for determining compensation should be shared with employees internally so they understand how they are paid. Third, during salary administration, employee should be given the opportunity to see where he or she stands comparing to his or her peers. Last but not the least, it is necessary to audit the compensation policies and practices on a regular basis to determine its effectiveness and fairness.

Benefit Administration

Benefit programs compliment compensation and demonstrate how much an organization cares and appreciates its employees. Benefits, similar to compensation, influence employees' behavior and productivity. They determine how your employees perform, if they stay, leave, or retire. Therefore, benefit programs, similar to compensation, should be leveraged as a competitive edge to attract and retain talents and keep employees happy, motivated, and productive.

We recommend three categories of benefits for X University: (1) must-have, (2) should-have, and (3) nice-to-have. Note that legally required benefits are not considered in any of the above three categories. Since they are legally required, they must be provided.

The must-have category includes the following:

- Medical, dental, and vision insurance

- Short-term and long-term disability insurance
- Life insurance
- Flexible spending account
- 401K retirement plan
- Paid sick days
- Paid vacation days
- Paid holidays

The should-have category includes the following:

- Pension plan
- Paid personal days
- Extra vacation days for every 5 years of service
- Maternity leave
- Fraternity leave
- Adaption assistance
- Tuition assistance
- Spouse tuition assistance

The nice-to-have category includes the following:

- Child care assistance
- On-site tax preparation
- Employee wellness program (on site health clubs)
- Vacation day carry over
- Paid days for new grandparents
- Legal assistance
- Pet insurance

In terms of best practices for X University to administrate its benefit programs, the first step is to make sure that the benefit programs are aligned with university's overall strategies. Note that benefits and compensation are of paramount importance to X University, given its ambitious initiative to compete with local well-known institutions. Therefore, the benefit programs must be comprehensive and attractive to boost its talent pool in order to compete.

Consequently, it is recommended that X University offer all the benefits in the must-have category. The university should also offer, being an educational institute, benefits in the should-have categories especially tuition assistance. X University should also offer many benefits in the nice-to-have category.

The university has outsourced its benefit administration work. The best practice advice with respect to this area is that the university must partner with a competent vendor. Specifically, the vendor should be able to deliver exceptional experience in terms of its professionalism, smooth and secure benefit enrollment process, and courteous and superior on-going administration.

Unfortunately, based on our findings, the university's current benefit administration outsourcing partner lacks competencies in most of the above areas. For example, the flexible spending account enrolled process is archaic. It requires participants to fill out a form with sensitive information such as social security number and date of birth to be either faxed or mailed. This process clearly is prone to identity theft. Thus, it is recommended that X University replaces this vendor with a qualified partner that meets the competency criteria outlined above.

Conclusion

In addition to the best practice recommendations provided in the human resource management areas of employee training and development, performance management, compensation policies and practices, and benefit administration, it is recommended that X University performs a job analysis to ensure that its jobs are designed and organized appropriately to support the successful implementation of XU – 20XX. For example, graduation and retention rates are quite low at X University. Therefore, it is recommended that the university performs a job analysis in the divisions of student success center and student retention to identify areas of improvements. Also, job analysis should also be performed in the areas of marketing, transfer articulation, new student recruitment, and admissions to determine if the jobs in these areas align with the university's strategic direction or not and if there is a fit between the jobs and the organizational structure.

X University, like many other higher educational institutions, has formed partnerships with institutions in promising and booming global markets to offer its academic programs. However, exporting traditional American educational agendas to other countries can be more challenging and complicated than expected. For instance, The Emirates Economist [4] documented an instance where the American curriculum was at odds with a different culture. Things as simple as attendance can potentially be a point of tension as well [5]. Things could further be complicated by those who think they understand the complexity of the situation just because they have gone through some cultural awareness programs. In spite of their trainings, few of them can appreciate the difference between factual knowledge and interpretive knowledge when factual knowledge assumes additional significant interpreted within the context of a particular culture [5].

The above discussion clearly ascertains that, to operate on a global scale, careful management and preparations are essential. As such, the following four best practice areas are recommended for the university to engage in global affairs: (1) establishing infrastructure, (2) identifying and select candidates for overseas assignments, and (3) training the selected candidates, and (4) collecting feedback. The details of the above best practices are the subject of another research and publication.

X University, as discussed earlier, has crossed the national boundary and offers degree programs in Asian countries. At the same time, X University is also experiencing an increasing number of international students on campus. A few potential ethics and legal issues are conceivable.

First of all, recruiting of students in some foreign programs is performed by a person whose financial reward grows as the number of students increases. Consequently, students with limited

English skills are admitted and subsequently awarded degrees from X University, an American higher education institution. This is not only unacceptable but also clearly is unethical. In addition, certain groups of student population are subjected to a language proficiency test upon their arrival. However, this test requirement is not mentioned anywhere in their admission letter and package. This is also unethical. Furthermore, since certain ethnic groups of students are singled out for the language proficiency test. This clearly is discrimination and can easily lead to legal issues and complications. It is recommended that the leadership at X University looks into these potential issues immediately and takes the necessary actions to rectify the situation as soon as possible.

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