

Case 26. Strategic Human Resource Management

The School of Business Administration at Old State University is one of 12 state-supported collegiate business schools in a midwestern state. It is located in a city with a population of 400,000 and a diversified industrial base. Old State University is the only state-supported institution in town. One small private college provides competition to the university's business school.

Recently, the university experienced leadership transition when Dr. George Barnes, dean of the College of Business Administration since 1988, retired. During his administration, enrollment increased from 1,792 undergraduates and 142 MBA students in the 1988–1989 academic year to 2,284 undergraduates and 233 MBA students in the most recent academic year.

Dean Barnes was well-liked by students, faculty, and the central administration of Old State University. However, he had not led the School of Business in any new directions and had basically concentrated on “doing the same things better.” The “same things” meant an emphasis on traditional programs (accounting, marketing, finance, and so on), teaching undergraduate students in the age range of 18–22 in daytime programs, and teaching a small number of full-time MBA students. The latter have been mostly graduates of the school's undergraduate program who decided they were willing to spend two more years on campus to obtain the second degree.

Dean Barnes has also been successful in upgrading the proportion of faculty with terminal degrees from 75 percent in 1988 to 90 percent in the most recent year. **Exhibit 2.3** provides faculty and student enrollment data for the university for selected years during Barnes's tenure.

Exhibit 2.3.

Faculty and Student Enrollment Data for the College of Business Administration in Selected Years, 1988–2007

Academic Year	Faculty	Faculty with PhD	Student Enrollment		
			BS	MBA	Total
1988–1989	69	52	1,792	142	1,934
1995–1996	74	57	1,913	154	2,067
2000–2001	78	66	2,065	221	2,286
2006–2007	85	76	2,284	233	2,517
2010–2011	90	81	2,587	248	2,837

During the most recent academic year, the dean's search committee (consisting of faculty, students, alumni, central administration, and local business representatives) met frequently, screened over 100 applicants, and personally interviewed six. While the committee arrived at no consensus, the majority supported Jack Blake for the deanship. An offer was made and, after several weeks of negotiation, Blake accepted the deanship. His background consisted of an MBA from a prestigious Ivy League business school and executive leadership positions in a variety of U.S. corporations in marketing. He left the position of vice president of marketing at a Fortune 500 company to accept the deanship.

During the screening interviews with the search committee, Blake made it clear that if he were selected, the College of Business would be "moving in new directions and exploring new markets." Blake made it clear that he did not want to be a "paper pusher," but rather an innovator and entrepreneur. When pressed for specifics, he indicated he "would have to study the situation in more detail."

When the new dean arrived on campus in the fall, he immediately convened a Strategic Planning Committee to

1. evaluate the university's external environment, opportunities, threats, competitive advantages, and internal strengths and weaknesses, and
2. recommend a new long-term mission, goals, objectives, and programs.

The committee consisted of two senior professors, the university's vice president for academic affairs, one graduate student, one undergraduate student, two prominent alumni, and two local business leaders.

The committee recommended that the school focus on the adult learner since demographic analysis suggested the age group 18–22 in the state was shrinking and would be a declining market over the next decade. Specific recommendations included

1. offering more evening courses for both undergraduate and graduate students;
2. structuring the schedule so that both degrees could be earned entirely in the evening;
3. offering credit courses in some suburban locations;
4. offering requested noncredit practitioner courses at the school, at the employer's worksite, and in various underserved small cities around the state;
5. exploring possibilities of offering degree programs at these locations;
6. offering new MBA degree concentrations in such areas as management of the arts, healthcare management, and public sector management, and
7. offering a new "executive" MBA.

The new dean enthusiastically endorsed the report and distributed copies at the last faculty meeting of the fall semester. Several questions were raised, but it did not appear that serious opposition existed. However, at a following meeting of department chairs, the dean indicated that his top priority for the next academic year was to fill five vacant positions with new faculty who would be supportive of the new directions in which the school was moving. Specifically, he asked them to keep several criteria in mind while recruiting and selecting new faculty. These included previous managerial work experience, a willingness to teach night courses, a willingness to travel to other cities to offer coursework, an ability to work with management practitioners on continuing education training and special projects, and previous experience in teaching executives.

In addition, Dean Blake suggested that the chairs consider those criteria when evaluating the performance of existing faculty and recommending salary increases. Finally, he indicated that one of the faculty positions would be used to recruit a new assistant dean for external affairs who would become his link to the practitioner community. This person would be involved with helping practicing managers identify their needs, working with faculty to meet these needs, and negotiating contracts for these services.

When word of the dean's faculty recommendations spread through the rumor mill, the reaction was swift and negative. Many of the "old-guard" faculty felt they were hired primarily to teach full-time students on campus during the day. Consequently, they were threatened by the new evaluation criteria. They were also concerned that the dean was interjecting nonacademic criteria into their departmental faculty recruitment processes and diverting resources to nonacademic activities. These faculty felt the inevitable result would be a declining quality of education in the school.

A group of these faculty has asked to meet with the dean to discuss his proposals. The dean is preparing a justification for both his strategy and his human resource management (faculty) recommendations.