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EMPLOYEE AND LABOR RELATIONS
STUDENT WORKBOOK



Hudson College

Scenario C: Performance Management

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Hudson College: Overview

Founded in 1881, Hudson College is a private liberal arts institution located in Beacon, New York. Hudson is a four-year undergraduate institution accredited through the Middle States Association of Colleges and Schools. Nestled in the Hudson River Valley in Dutchess County between New York City and Albany, Hudson College prides itself in its core values of creativity, collaboration and civility. One of its strengths is its strong partnership with the vibrant Beacon community. Many of Hudson's employees serve on boards of local nonprofit organizations. Three years ago, the college helped improve the local transit system to provide better access to transportation for students and college employees. The college's presence in the downtown region is evident with the recent construction of the college bookstore, a coffee house and three student housing complexes along the Hudson River waterfront. Students choose Hudson for a variety of reasons, but most often they point to the low faculty-to-student ratio (12:1), the variety of academic programming and the proximity to New York City (approximately a one-hour drive).

Dr. Sara Richards became the 13th president of the college last year. She replaced the popular Dr. Robert McNulty, who retired after a 12-year tenure, which included a 20 percent increase in student applications, the addition of 15 academic programs, a strong emphasis on global education (the college now offers eight study abroad programs), and an increase in the enrollment of international students from 3 to 7 percent of the total enrollment.

Richards came to Hudson after serving as the provost at a similar liberal arts institution in the Midwestern region of the country. The transition from McNulty to Richards has been viewed as positive, but for many, it is too soon to tell. There is a small number of students and employees who feel the college lacks the necessary leadership to take Hudson to the next level. Richards reports directly to the board of trustees.

Edward Coburn has served as the board chair for the past three years. He retired in 2011 after a long, successful career at Appalachian Trust Bank in Poughkeepsie, New York, where he was the chief executive officer during the last 11 years of his career. The board of trustees, who traditionally have not meddled in human resource (HR) operations, are deeply concerned about the rise in health care costs and have focused their attention on this and other financial challenges facing the college.

Like so many colleges and universities, Hudson has been challenged by the difficult economic climate, increased competition among schools within and outside its peer group, and external pressure from its key stakeholders. The college's current strategic plan, now in its fourth year, outlined an ambitious agenda focused on diversity and inclusion, a reenergized commitment to increasing the school's affinity among its

alumni, and a multiyear capital project initiative that includes new construction and renovations to support the academic and residential experiences for students.

Hudson's endowment, despite losing 16 percent between 2008 and 2010 due to market conditions, has now reached \$350 million for the first time in the college's history. Despite serving as a positive performance measurement, most of this growth can be attributed to a rebound in the market. Large donations from alumni have been difficult to secure, making it a challenge to keep up with competitors.

David Bridges, vice president of human resources and risk management, has been in his current role for six years. He came to Hudson College from a university in New York City, where he was the director of human resources. Bridges has been described by his colleagues as a visionary who has led several key initiatives since coming to Hudson, including increasing efficiencies through technology enhancements and offering a more competitive compensation model compared to the local market and its peer institutions. Bridges reports directly to Richards.

Janet Mullins, director of human resources, has worked in the human resources and risk management division for 19 years. She started her career as a benefits analyst and moved into her current role shortly after Bridges' arrival. She reports directly to Bridges.

Elizabeth Guthry, director of organizational development, recently transitioned to higher education after six years as a corporate trainer for a *Fortune* 500 company. She has struggled with the cultural differences and has found it difficult to produce positive change in her short time at Hudson. She also reports directly to Bridges.

Hudson College has been named one of the "Top 100 Best Organizations to Work For in the State of New York" for four years in a row. Many attribute this ranking to the college's strong sense of teamwork and employee loyalty to the institution. The human resources and risk management division has also been recognized by local surveys for its care for employees and family-friendly benefits. Despite these recognitions, some faculty and administrative staff believe recent retirements and resignations of individuals in key positions have affected employee morale and the college's reputation of providing outstanding service to its students. Most of the open positions created by these departures were filled by external candidates, causing employees to question the college's commitment to its own people.

IN DAVID'S OFFICE

Bridges has been putting together a summary document he planned on giving Richards to prepare for their annual meeting about the division's goals for the upcoming year. As Bridges reflects on the past year, he notes a number of significant accomplishments that were made in the division. Despite these successes, he admits that it has been the most challenging year since he joined Hudson College.

REFERENCES

Balzer, W. (2010). *Lean Higher Education: Increasing the Value and Performance of University Processes*. Boca Raton, FL: CRC Press.

INSTITUTIONAL DATA	
Category	Figures
Enrollment	2,641 undergraduate students
Percentage of international students	7%
Percentage of students of color	13%
Acceptance rate*	46.1%
Discount rate**	44.8%
Retention rate	92%
Endowment (current)	\$354,106,198
Fundraising (fiscal year)	\$9,828,637

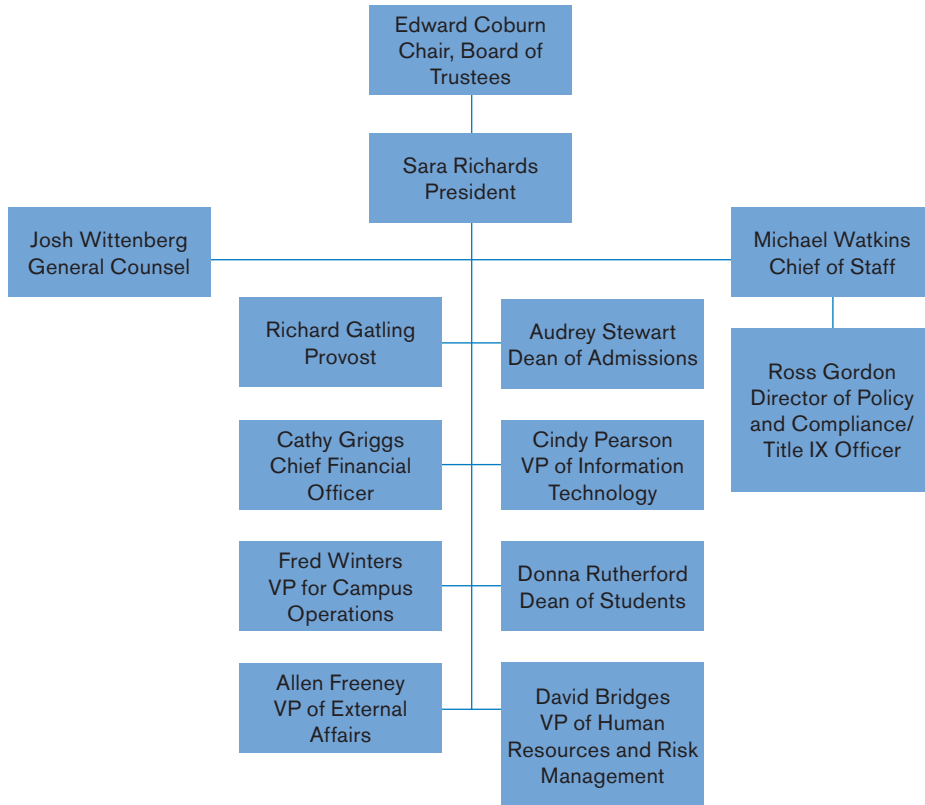
* Acceptance rate: The percentage of student applicants the college accepts.

** Discount rate: Institutional grant aid awarded to undergraduates as a percentage of the institution's gross tuition revenue.

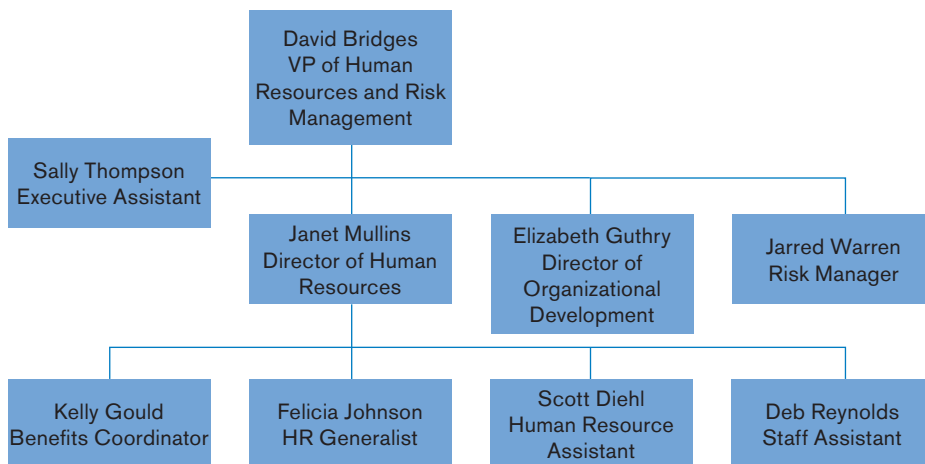
NUMBER OF FULL-TIME EMPLOYEES BY GENDER			
Number of Full-Time Employees	Male	Female	Total
Faculty	113	93	206
Administrative	109	141	250
Hourly	106	167	273
Total	328	401	729

EEO STATUS (FULL-TIME)		
Classification	Number of Employees	% of Total Employees
African American, Black	133	18.2%
Asian American	34	4.7%
Hispanic, Latino	103	14.1%
Multiethnic	6	0.8%
Native American, Alaskan Native	5	0.6%
White or Caucasian	448	61.4%

ORGANIZATIONAL CHART: EXECUTIVE TEAM



ORGANIZATIONAL CHART: DIVISION OF HUMAN RESOURCES AND RISK MANAGEMENT



Scenario C: Performance Management

PLAYERS

- Elizabeth Guthry, director of organizational development
- Tanya Herring, staff assistant for student housing (division of student affairs)
- Sam Gibbons, assistant director of student conduct (division of student affairs)
- Ann Stewart, director of health services (division of student affairs)

When David Bridges came to Hudson College, his first act was to meet with faculty, administrators and staff to get a sense of the college's culture and values. By holding these meetings, Bridges wanted to understand what worked well and what needed attention from an HR perspective. Bridges found this to be a valuable experience, and employees were happy to see such engagement from the start by the new vice president.

Bridges is still engaged in employee activities as much as his schedule permits, but Elizabeth Guthry, director of organizational development, now has the responsibility to meet regularly with employees to foster a positive working relationship between the division and the rest of the campus. Guthry meets with a group of eight to 10 staff members from each division quarterly to discuss updates that have an impact on employees and to provide them an opportunity to ask questions in areas such as benefits and policies. To date, there has not been a great deal of discussion at these meetings, with few questions asked by the participants. At times, some employees waited until after the meeting to speak with Guthry privately about more personal issues. Most participants appreciated receiving updates and having the opportunity to ask questions, whereas others seemed bothered by them. Guthry sensed that the meetings took some individuals away from more pressing matters.

IN THE STUDENT AFFAIRS DIVISION CONFERENCE ROOM

It seemed like another normal quarterly meeting in the student affairs division, but it turned in an instant when Guthry reminded employees that performance reviews were scheduled for completion in January. Guthry had taken over responsibility for the performance appraisal process from Janet Mullins, director of human resources. Guthry also reminded the group to be open with their supervisors regarding the challenges they had faced during the year and encouraged them to contribute their ideas for improvement.

"I'm not saying a thing to my supervisor," said Tanya Herring from student housing.

Sam Gibbons from student conduct said, “Why should I do that? It doesn’t do any good.”

The discussion quickly switched to the performance review process itself. “Why should I work any harder?” asked Herring. “You can do the bare minimum, keep your job and still get the same pay increase as everyone else.”

Guthry was ready to defend the process but realized that it was best to listen to the comments being made. She had heard the same arguments from employees before. This year, however, with so much change that had taken place, the frustration seemed to be escalating.

The performance management process had not changed much during the past several years. Most supervisors saw the process as a necessary evil, although some did take the process seriously. Limited funding has prevented any serious discussions about implementing a pay-for-performance system. Given this lack of change, employees have complained about the flaws in the process for quite some time. Hudson College has resisted adopting a pay-for-performance system for a variety of reasons, including the “inflation” of performance scores and a lack of consistency in the evaluation process among supervisors. Instead, most employees get the standard 2 to 3 percent increase. This year, with so many financial uncertainties facing the college, there is no guarantee of a salary increase because the budget committee could not come to a consensus on the issue during its last meeting.

AFTER THE MEETING

Guthry was heading out of the conference room after the meeting when she spotted an employee walking out of the room while texting on her smart phone. The employee, Ann Stewart, was the director of health services at Hudson and had been employed by the college for 22 years. Stewart was well respected by her colleagues for her strong collaborative skills and knowledge of Hudson. Guthry knew this even in the short time she had been at Hudson.

“Ann, do you have a second?” asked Guthry.

“Sure, what’s up?” asked Stewart as she finished typing her message and put her phone away.

“I was taken a bit by surprise by Tanya’s and Sam’s reaction to our performance appraisal process. I know they’ve been with Hudson less than five years. It’s troubling to hear such a reaction from newer employees,” said Guthry. “As someone who is much more connected to the campus, do you feel their reactions are the general feeling by most administrative employees?”

“I think there is some truth to what Tanya and Sam said. I have to tell you, preparing for performance discussions is not on the top of my list of favorite things to do. First, I know that despite how well my staff members perform, I will most likely be able to give them the standard increase determined by the college. They know that, and I know that,” said Stewart. “I also know there is more to the

appraisal system than the salary increase. I stress to my employees the importance of the conversation and how it will assist us moving forward. But I don't see very many supervisors who share this same approach. To them, it is just another requirement dictated by HR."

"You've reinforced what I've been sensing since I started," replied Guthry.

"I recently heard a supervisor say that he was not going to give in to HR's bureaucracy. He said he has plenty of discussions with his employees and doesn't need to complete a form, especially when it's the same useless process," said Stewart.

Guthry answered, "That's quite telling. Who knows how many others feel the same way. It's no wonder employees like Tanya and Sam react the way they do given the supervisors' attitudes."

As they left the Student Union, Guthry said, "Ann, thanks for sharing your perspective. It was certainly helpful."

Stewart replied, "No problem. Let me know if there is anything I can do."

SCENARIO C: QUESTIONS FOR UNDERGRADUATE STUDENTS

1. If you were Guthry walking back to your office after the meeting, what immediate actions would you consider based on the comments you heard?
2. What must HR do to change the philosophy of performance appraisals as a valuable process despite limited resources?
3. Some experts believe that using pay exclusively as an incentive for good performance can actually demotivate employees. Would you agree or disagree? Please explain.

SCENARIO C: QUESTIONS FOR GRADUATE STUDENTS

1. Given the limited financial resources, what approach can Hudson College implement to recognize and reward employees?
2. If Hudson College was to consider a pay-for-performance plan, what approaches would you suggest it implements to ensure a fair and equitable process?

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