



12th International Strategic Management Conference, ISMC 2016, 28-30 October 2016, Antalya, Turkey

## Strategic Human Resource Management in Higher Education Institutions: Empirical Evidence from Saudi

Alwiya Allui\* & Jolly Sahni

Prince Sultan University, Riyadh, 11586, Saudi, Arabia

### Abstract

Recent studies have shown that high performing business organizations practice strategic human resource management (SHRM). However, there is a huge gap in both conceptual and or empirical studies on SHRM in higher education. This gap is more so in the Arab world. Although many institutions have noted the importance of some elements of strategic human resource management, few have practiced the elements on a frequent basis. It was the purpose of this study to explore the integration of institutional strategies to HRM by examining the strategic HRM practices in universities in Saudi. A quantitative and qualitative exploratory research design was used to study strategic human resources management best practices in higher education in Saudi Arabia. Literature was reviewed and the general features of strategic HRM practices were identified. These were captured in a survey instrument which was later administered to staff in the selected higher education institutions in Saudi to determine the extent of strategic HRM implementation. Statistical analysis was conducted to cluster similar variables together with the aim of identifying the focal areas for determining the extent to which strategic HRM practices had been implemented in a university. The results of the study indicate that based on participants' perceptions, the higher education institutions under study have a strong level of awareness of SHRM. However, Saudi higher education is facing major problems surrounding the development of human capital, especially of the faculty members and needs to devote more attention to their SHRM practices. The employee recruitment and selection process is largely inadequate and needs effective attention. The results also showed that the performance appraisal and compensation system does not guarantee a highly motivated core of staff, especially if they are expatriate workers. As a result of these findings, there are strong implications for administrators, faculty, and other higher education personnel interested in applying and improving their best practices in strategic human resources management. Future research should include more universities, both public and private. In addition, future research should also consider moderating variables such as university culture, organization climate, and the labour market, especially with the Saudization (nationalisation) of the labour force, legal and regulatory environment. Drawing on the analysis, the study contributes rich and fruitful findings to the area of strategic human resource management.

© 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the organizing committee of ISMC 2016.

Keywords: Strategic human resource management; recruitment and selection; training and development; private universities; Saudi.

\* Corresponding author. Tel. +966504108696 Email address: [aallui@psu.edu.sa](mailto:aallui@psu.edu.sa)

## 1. Introduction

Globalization, international competition, innovation, and technology advancements have accentuated the importance of HRM for competitive advantage. According to Bontis, (1996), human capital may be the only sustainable competitive advantage that an organization has in the ever changing, globalized world. A study by Hasani and Sheikesmeili (2016) concludes that, more than ever before, human capital is more important than new technologies or financial and material resources. The changing nature of work – especially technological, organizational, and competitive developments – has meant organizations will always struggle to attract and retain an adequate supply of qualified employees from the labor market. According to Barney and Wright (1998), strategic human resource management (SHRM) as a concept became increasing important because in knowledge-based economies in the 21<sup>st</sup> century, the emphasis is on employees being considered as a primary component for attaining a competitive advantage. Other researchers also established that SHRM resulted in human capital with greater commitment and lower turnover (Lawler & Mohrman, 2003; Subramony, 2006). However, much of this discourse in the literature is related to business. There is a huge gap of literature research regarding the implementation of human resource management practices in higher education. An overview of previous studies indicates a lack of adequate research about the relationship between SHRM practices in higher education institutions. Yet, in an industry as labor-intensive as higher education, the effective use of human resources becomes critical. It was for this purpose that this study was developed to determine if the universities in Saudi are practicing strategic human resource management and, if so, to what extent.

In the last two decades, Saudi Arabia has undergone multiple development plans which had positively focused on long-term modifications based on issues and problems associated with the local economy and the inherent social cultural factors (Looney, 2004). For example, in their sixth development plan, the government included major alterations in the structure of the economy to enforce expansion and growth in other industries (Alrebh, 2011). As a result of this development plan, the country has witnessed remarkable expansion in establishing a competitive resource-based market from global perspectives (AlHussain, 2011). According to statistics from the Saudi Arabian General Investment Authority (SAGIA, 2013), Saudi Arabia is the largest economy in the Middle East, and holds 20% of the proven world reserve of crude oil, which represents 45% of the total GDP of the country (AlHussain, 2011). However, Saudi Arabia has recently (2014-2015), suffered from a number of economic and socio-political obstacles, primarily from the dependence on oil and the unstable political environment surrounding the country. The country has financed a great deal of its services (including education) with revenues from the oil industry, so the recent sagging oil market is bound to produce dramatic changes on the Saudi economy and a decline in state funding in many services, including education.

Therefore, the current need for enhanced and improved human resource administration in higher education in Saudi is important for several reasons. The first reason is the increasing public demand for accountability in university administration with the accreditation drive undertaken by the Ministry of Higher Education. Secondly, the Saudi government has enforced Saudization as a law to replace foreign workers with Saudi nationals in all organizations, regardless of their capabilities and scale (Flynn, 2011), which has led to a dramatic change of the face of the typical Saudi workforce. Saudi citizens are becoming a larger part of the workforce, and the familiar image of a homogenous foreign workforce is dramatically changing. Amidst this environmental change and the decline of resources, the role of human resources in the labor-intensive higher education organizations, with their high degree of autonomy and strong traditions, is vital, if not quintessential. Consequently, the management of those resources is becoming a critical issue. One avenue of literature on coping with environmental change and the decline of resources has been that of strategic management of human resources (Perry, 1984; Greenhalgh, 1983).

This research study is one of the first of its kind contributing uniquely to the scarce limited body of knowledge about higher education human resource management practices in Saudi. There was no single piece of literature that was discovered that succinctly, fully, and accurately described the characteristics of a human resource office that is considered a strategic partner, especially from the perspective of higher education in Saudi Arabia.

## 2. Literature Review

### 2.1 Strategic HRM Alignment

Tocher and Rutherford (2009) defined human resource management (HRM) as the set of activities and functions directed to developing and maintaining the labor structure in firms. The activities in HRM are recruitment,

selection, appraisal, training, compensation, and employee relations (Guest, 2011). The role of HRM is to translate the strategic aims of the organization into human resource policies and to create human resource strategies that generate a competitive advantage (Tyson, 1995). According to Walker (1992), strategic HRM is defined as ‘the means of aligning the management of human resource with the strategic content of the business and human resource strategy so that the latter supports the accomplishment of the former and, indeed, helps to define it’. Strategic HRM involves designing and implementing a set of proactive HR policies/practices that ensures that an organization’s human capital contributes to the achievements of its corporate objectives (David, Chin and Victor, 2002). SHRM highlights the growing proactive nature of the human resource (HR) function, its potential importance to the success of organizations and the possibility of change in the HR function from being reactive, prescriptive, and administrative to being proactive, descriptive and executive (Boxall, 1994). Sahoo, Das, & Sundaray, (2011), note that the strategic human resource management concept relates to the proper integration of human resource management into the primary business strategy of the firm by adapting human resource activities in all stages of the firm. Other researchers have defined SHRM as a cumulative set of practices or behaviours related to the management of human capital, where the HR professional serves as a strategic business partner with the other executive bodies of the organization (Golden & Ramanujam, 1985; Huselid, Jackson, & Schuler, 1997; Miles & Snow, 1984; Truss, Gratton, Hope-Hailey, Stiles, & Zaleska, 2002). SHRM has been a substantial concept to enhance the strategic capabilities of organizations, ensuring the availability of committed, motivated, and skilled labor (Branine & Pollard, 2010). Organizations with strong strategic capabilities have a tendency to integrate their HR processes into their central corporate strategies to achieve ideal outcomes (Lengnick-Hall, et al., 2011).

In the early 1980’s the strategic concept in academic staffing began to gain popularity, due to the fact that resources in educational funding in America were becoming scarce. This is also due to the fact that faculty and supporting staff salaries, wages, and fringe benefits average 70 to 80% of an institution’s operating budget (Mortimer, 1985). Hence the concept of strategic staffing gained momentum to play a vital role in the labor-intensive industry of higher education (Mortimer & Tierney, 1979). According to Keller (1983), American higher education in the 1980’s entered a new era that required new procedures and new attitudes: better planning, strategic decision-making, and more directed change in human resource management. After his ground breaking publication of **Academic Strategy** (Keller, 1983), many colleges and universities became interested in instituting a strategic approach to human resource management in their organizations.

Smylie and Wenzel (2006) studied the factors that affect the effectiveness of teaching/learning processes at Chicago universities and found that SHRM practices such as staffing, vocational development training, communication, reward and evaluation are some of the significant factors in this regard. Smylie and Wenzel (2006) also found that the application of SHRM practices and evaluation would raise higher education effectiveness. Bahrami et.al, (2013), looked at the relations between strategic human resource management and intellectual capital in Iranian universities. Their findings indicated significant multiple correlations between SHRM practices (staffing, training, performance appraisal, compensation, and participation) and intellectual capital (human, structural, and relational capital). They concluded that effective SHRM can enhance intangible assets of a university. Bergquist (1992) strongly believes that when human resource offices are properly positioned, effectively structured, sufficiently funded, adequately staffed, organizationally supported, and well managed, the tripartite mission of any college or university—teaching, research, and service—is more likely to be effectively and efficiently attained. In a recent study (Sahni & Jain, 2015), researchers recommended integration of HRM practices into the overall operations and strategies in order to achieve organizational effectiveness.

## 2.2 Recruitment and Selection System

The processes of recruitment and selection in labor-intensive firms have been critical to achieve long-term sustainability (Ofori & Aryeetey, 2011). A typical selection process in an organisation involves judging candidates on a variety of dimensions, ranging from the objective and measurable e.g., years of experience and educational attainment, to the subjective and personal e.g., quality of output expected and leadership potential. To do this effectively, colleges and universities rely on a number of selection tools or devices. These include application forms, evaluation of written information including letters, resumes and vitae, portfolios, and writing samples, simulated demonstrations by the applicants, tests, interviews of various sorts, physical examinations, reference and background checks, and sometimes onsite visits to the current employer. Applying inadequate methods of recruitment and selection might lead to a high cost to businesses (Nankervis & Stanton, 2010).

Olian and Rynes (1984) and Dalton and Kesner (1983) pointed out that the recognition of structure, size, and

strategy on staffing decisions is extremely important. From their findings they conclude that organisations should note that certain personality traits of the individuals are valuable for implementing particular strategies and vice versa. Gerstein and Reisman (1983) equally emphasized that the importance of the selection system is not in the specifics of the selection methodology, but in the increased attention paid to the link between strategy, organization design, and selection of the employees. Mortimer (1985) looked at a number of strategies for faculty staffing: tenure policies, control by attrition, contract systems, non-tenure track appointments, part-time appointments, tenure quotas, extended probationary periods, review of tenured faculty, incentives for early retirement, and retraining of faculty. He concludes that institutions differ and do not face the same resource environment, therefore no single strategy is appropriate to all institutions (Mortimer, 1985).

### *2.3 Training and Development*

Emphasising the importance of training and development, Hall (1984) defined strategic human resource development as identifying and managing employee learning in conjunction with the development of corporate and business strategies for the future. Harvey (1983) also reiterates that in order for training and development to help accomplish organizational objectives, a human resource training and development plan must be established which is carefully aligned with the corporate strategic goals.

Ironically, colleges and universities, which are in the business of education, have scarcely focused attention on the training and development of their own employees to maintain the faculty and administrative vitality (Bush and Ames, 1984). Underlying many of the expressed concerns of training and development in academia is the absence of any systematic attempt to link training and development to the strategic plans of the institution, when in academia, employee development may be more important today than ever before (Bush & Ames, 1984; Nelsen, 1983; Vaughan, 1984).

### *2.4 Performance and Appraisal System*

Performance appraisal is the cornerstone of an effective human resource system (Devanna, 1984). Basically, the purpose of performance appraisal is twofold. First, it provides the information needed to make strategic decisions by assessing the fit between current human resource systems and those systems required by a change in strategic direction. Second, it is a control system through which individual performance can be measured against strategic objectives with the goal being effective job performance (Devanna, 1984; Latham, 1984). Henceforth, performance appraisals seem particularly important in the labour intensive educational organization. However, most colleges have found it difficult to devise an appropriate system. The emphasis on research, which is sometimes non parietal to what is done in the classroom, makes the measurement of performance very difficult (Besse, 1973). Moreover, efforts to analyze teaching performance are frowned upon by many universities as unneeded or inconsistent with the academic tradition (Corson, 1975). Yet, faculty members can alleviate their perceived shortcomings through a combination of assessments: student evaluations, peer evaluations, and self-evaluations, which are essential components of faculty development (Craven, 1981).

A study done by Turk (2008), looked at the performance appraisal in the motivation and compensation of academic staff in Estonia. Using quantitative and qualitative methods, the research showed that the performance appraisal and compensation system (pay-for-performance system) has guaranteed a highly motivated core of staff. According to Turk (2008) a good and well functioning performance appraisal system would help the educators to make their mark in the organizational setting of their faculty.

### *2.5 Compensation System*

According to Stonich (1981), the most important aspect of effective strategy implementation is a future orientation on the part of managers, and a reward system can indicate what the company considers to be important. Matching rewards with accomplishment of strategic goals constitutes a little used, but effective, compensation system. Organizations need a mechanism that demonstrates senior management's interest in attaining strategic goals, and the reward system is that mechanism (Stonich, 1981). McKeachie (1983) added that there are conditions other than pay that can unleash employee energy: freedom, diversity, risk taking, complexity, and a release from time pressures. If employees are provided with these elements of job satisfaction, they become a resource with elasticity—and one that is renewable. Over and above pay, Todd (1981) argues that in universities developing a system linking employees with organizational strategy, three characteristics must be considered: the clarity of management's expectations and evaluation of employees, the strength of the performance-reward link for employees, and employee influence on and

control over their work.

### 2.6 Retention Plans and Culture

Hansel (1991), stated that “The well-being of the university depends on its ability to recruit and retain a talented professoriate” (p. 79). Hansel found that institutions that do not retain veteran faculty have a difficult time establishing quality programs. According to Boice (2000), faculty members often begin their careers with high morale, which quickly fades with increased stress and low satisfaction levels. Other researchers also noted that morale and retention is worse for female and faculty from diverse backgrounds (Cooper & Stevens, 2002; Garcia, 2000).

The need for institutions to improve retention of desirable faculty has increased over the years (Bataille & Brown, 2006), because there is evidence that retention of faculty improves the quality of institutions (Berry, Hammons, & Denny, 2001; Murray & Cunningham, 2004). That is why successful retention of faculty in higher education is a topic of increasing popularity encompassing multiple environmental factors and requiring research on best practices (Berry et al., 2001; Hagedorn, 2000).

The literature provides many best practices designed to improve higher education faculty satisfaction. Some of the best practices identified in the literature were increasing salary, improving working conditions, reducing exam stress, reducing class size, improving teaching conditions, increasing channels of promotion, increasing opportunities for professional development, improving the teacher ranking system, improving occupational opportunities, encouraging democratic decision making, improving coaching of younger teachers (Fuming & Jiliang, 2007), increasing professional development for new faculty, increasing opportunities to attend conferences, improving teaching load, increasing the number of mentors for graduate students, improving the graduate teaching experience, and improving support from the chair person (Solem & Foote, 2004).

Retention plans become all the more important as the turnover of key employees may affect the organization in an adverse manner. There are many studies on employee retention in different industries and its causal relation with the human resource practices (Huselid 1995, Chew 2005). The human resource practices generally predict the turnover rate of employees (Shaw et al. 1998). In addition, Ruwan (2007) empirically evaluated six human resource (HR) practices (realistic job information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on the marketing executive turnover. Highlighting the importance of retaining human capital, Khaled et al.(2015) mentions in his study that according to the consulting firm Accenture, 80 per cent of business experts and multinational corporations believe that “human resources issues” are now more critical than they were three years ago. Further, 68 per cent believe that retaining talented employees is more important than recruiting new ones (Chew, 2004). It is accepted that organizational commitment is an important factor that influences employee retention within the organization (Rathi and Lee 2015). It has been argued that organizational commitment acts like a psychological structure that maintains employees’ interactions with their organizations and helps employees to take decisions about remaining in the organization (Ciftcioglu, 2011).

Given the significance of organization culture in influencing almost all the aspects of organization, be it employees, way of communication, or performance of organization, it becomes vital to understand the concept and also how it influences the strategic human resource practices in organizations. The concerns about the impact of organization culture was initially studied by Cartwright and Cooper (1992), in a study for assessing the contribution that it can make to the understanding of the merger phenomena, both in terms of its impact on organizational performance and on the managers and employees involved. According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national culture. Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. In defining the culture, Hofstede et al. (1990) also acknowledge agreement among researchers that organizational culture is holistic, soft, and difficult to change, has a historical basis, and is socially constructed. Understanding the organizational culture would certainly improve the knowledge and can provide leaders, managers, and researchers with special insight regarding fundamental characteristics of an organization (Schein, 1985), that will, in turn, help in managing or changing the culture.

Human resource management and practices play an important role in building the organizational culture. Many studies highlight the significance of strategic actions related to HRM that could enhance employee trust and thereby build a culture of trust and innovation. A recent study by Vanhala and Ritala (2016), shows that effective HRM practices indeed facilitate organizational innovativeness, and that this effect is partially mediated by lack of trust in the organization. Therefore HRM practices should be designed to facilitate organization trust among

employees.

### 3. Methodology

#### 3.1 Research Objectives

The purpose of this research study was to explore the dynamics of the utilization of SHRM, the cognizance of the research-based SHRM practices and the connection of practitioner behaviour to research-based SHRM in higher education in Saudi Arabia. Exploration was to determine if there was informal implementation of the practices. A secondary purpose was to add to what is a limited scientific body of research related to human resources in higher education organizations and the role of SHRM in this type of organization. The present study gives insight into the current practices and trends in human resource management functions and its alignment with the organization strategy with reference to higher education institutions in Saudi Arabia.

#### 3.2. Research Design and Data Collection

Based on the literature review, and with particular emphasis on the several research studies, the various strategic human resource management practices in higher education were conceptualized. These items were adapted and incorporated in the schedule which was used to collect the data. After the data were collected, it was then compiled into usable form to which both qualitative and quantitative techniques were applied. A detailed graphical representation and tabulation of data helped to understand the trend and the prevailing situation in the higher education institutes.

A six-part instrument was used to collect data in this study. The questionnaire, constructed by researchers, was mailed to the heads of academic affairs and the director of personnel at each of the universities in Riyadh. The questionnaire was divided into six sections: strategic alignment, staffing/recruitment and selection, performance appraisal/rewards, compensation, staff training/development, and retention plans. Each section contained from five to eight elements for the respondents to rate as to the importance practiced by their institution. Responses to the scale were measured on a five-point Likert-type scale ranged as follows: 5 strongly agree, 4 somewhat agree, 3 neutral 2 disagree, and 1 strongly disagree. The data was collected through questionnaire and a number of interviews with senior management of various Higher Education Institutions (HEI) were conducted to get a full picture. The request in the form of invitation letter to participate in the research was sent to all the higher education institutes in the capital city of Riyadh in Saudi Arabia. In general, in Saudi Arabia the average number of faculty or teaching employees per university was approximately 258. Classified according to size, 19 per cent of the universities had fewer than 100 employees, 35.5 per cent had between 100 and 200, and 45.5 per cent had more than 400. The HEI had been in business an average of 10 years, and the average age of their employees was 33.6 years.

#### 3.3 Analysis and Results

Statistical analysis was conducted to cluster similar variables together with the aim of identifying the focal areas for determining the extent to which strategic HRM practices were implemented in a university. The reliability of the instrument was checked by conducting the reliability analysis both at the level of strategic HRM scale and also for each dimension of the scale. The reliability of the entire scale was estimated with the help of the internal consistency method requiring the application of Cronbach's alpha coefficient ( $\alpha$ ) using the SPSS 22 application. The scale of Cronbach's alpha coefficient is calculated to be 0.840. Reliabilities for all dimensions of SHRM falls between 0.60 and 0.85, which is satisfactory for a study that is exploratory in nature (Nunnally, 1978). The mean and standard deviation was calculated for all the items used in the scale, as presented in Table 1.

Table 1 Mean and SD for the scale

Dimensions	Items	Mean	Std.dev
Strategic alignment	HR as Integral Part	4.00	1.41
	Communication of Strategic Mission	3.75	1.16
	Strategic Resources	4.38	0.74
	People Issues	3.88	1.25
	Alignment of HR Activities	4.00	0.76
Recruitment and Selection System	Selection Process	4.63	0.52
	Screening	4.75	0.46

	Formal Tests	3.75	1.75
	Structured Interviews	4.75	0.46
	Internal Hiring	3.75	0.71
	Preference to Internal Candidates	3.50	1.07
<b>Performance Appraisal System</b>	Annual PE	4.88	0.35
	Development Dialog	4.25	0.89
	Objective Setting	4.13	0.99
<b>Compensation &amp; Reward System</b>	Competitive Salary	4.00	1.07
	Linking pay with Business Results	3.88	1.13
	Pay hike based on Performance	4.50	0.53
	Rewards and Performance	3.88	1.36
	Fair Treatment & Best HR Practices	3.63	0.52
<b>Training and Development System</b>	Priority given to Training	3.75	0.89
	Induction for all	4.00	1.20
	Training need Analysis	3.75	1.04
	Training and TQM of Faculty/Staff	4.00	0.76
	Training Evaluation	3.75	1.04
<b>Retention Plans &amp; Organizational Culture</b>	Retention Plan	3.38	1.19
	Fair Grievances System	3.75	1.16
	Communication with Employees	4.13	0.83
	Dress Code	3.75	1.49
	Flexible Working Hours	3.13	0.99
	Telecommuting	2.63	1.51
	Celebration of Business Success	4.50	0.53

The crucial linkage between HRM functions and the organization's strategy needs to be established in order to synchronize all the functions from planning to control, thereby producing synergy. The study focuses on the same and made the following findings:

### 3.3.1 SHRM Alignment in Higher Education

Strategic alignment of human resource simply means accepting and involving the HR functions as a strategic partner in the formulation and implementation of the company's strategies through HR activities such as recruitment, selection, training and rewarding personnel. The mean score of the 'Strategic HRM alignment with the overall company's goals and objective' is 20 out of a possible maximum score of 25, suggesting a high extent (80 percent) of strategic HRM alignment with the overall objectives. Some empirical evidence from previous research indicates that the full impact of HR practices on organizational performance occurs when HR practices are strategically congruent and consistent with each other (Khatri, 1999).

The findings suggest that 75 percent of the respondents from higher education institutions agreed to the statement that 'the human resource department is an integral part of a company's strategic planning processes'. However, 87 percent of the respondents agreed that employees were viewed as a strategic resource, while 75 percent agreed that their organization's mission statement was well communicated and understood at every level of the organization. The results are really encouraging and suggest that human resources practices are aligned with the organization's mission and vision.

Highlighting the fact that HR has recently been considered as an integral part of the organization, one of the HR Supervisors said: "We are now participating in the strategic planning training, workshops, process and report writing. This was something not done by our office before. But since the institutional accreditation process, we have now been heavily involved in the preparations of action plans, periodic accomplishment reports as well as the annual reports".

### 3.3.2 Recruitment and Selection System in Higher Education

The recruitment and selection system lays down the foundation for other HR activities. A rigorous, valid and sophisticated selection system helps in identifying the right candidate with potential to perform. It generates a sense of elitism, creates high expectations of performance, and signals a message of importance of the people to the organization (Pfeffer, 1994). As per the findings of the survey, the employee selection system records a mean score of 25.13 (83 percent) out of a possible maximum score of 30. The result indicates a high fit between the prospective employee's abilities and qualifications and the organization's requirements. While 90 percent of the HEI used a formal

screening and interview system, only 63 percent agreed that they adopt written employment tests for selection. In most universities the selection criteria is based on interviews and demo lessons for faculty positions. It is interesting to note that most of the HEI (70 percent) would prefer to recruit an employee from amongst the existing suitable and interesting employees who applied for a higher position.

### *3.3.4 Performance Appraisal System in Higher Education*

Performance management, if implemented properly, should link together individual goals, department purpose and organizational objectives. The mean score of the performance appraisal systems in the HEI is found to be 13.25 (88 percent) out of a possible maximum score of 15. Although the overall result of performance appraisal is high, if individual variable is observed, some profound findings emerged representing that 25 percent of the HEI supervisors do not discuss the results of performance evaluation with the faculty and staff members. Around 88 percent of the respondents agreed to the statement that ‘Performance appraisal includes the management setting objectives and goals of subordinates for the period ahead in consultation with them.’

It was observed in the study that the performance indicators are not shared with the staff and faculty in order to know what the university expectations from them are. This ends up with both the faculty and staff not knowing what the quality performance indicators are that they need to reach for their annual evaluation.

### *3.3.5 Compensation and Reward System in Higher Education*

The motivation level of employees can be influenced by the company heads in many ways. They can use performance-based compensation to provide rewards to employees for achieving the targets of the company. The findings suggest a moderate fit between ‘perceived compensation and reward system’ and the organization’s mission in the HEI. The mean score of the compensation and reward system in the HEI is found to be 19.30 (88 percent) out of a possible maximum score of 25. The situation appears to be positive as 80 percent of employees feel that the salaries in HEI are competitive. Also, most of the employees are satisfied with the compensation package. The pay and incentives were found to be linked with the performance across all HEI in the study.

### *3.3.6 Training and Development System*

An important dimension of SHRM practice is the training and development system. The training and development activities were found to have a mean score of 18.25 (73 percent) out of a possible maximum score of 25 depicting a moderate level of training and development programme adopted by HEI. The findings indicate that though the induction training is given to all new faculty and staff (80 percent), the training needs are not assessed on a regular basis as only 45 percent of the respondents agreed to the statement: ‘Management analyze the faculty and staff training needs on a regular basis’. Talking about the training and its role in achieving the overall objectives of organization through its trained employees, one of the respondents noted that: “both the administrative and academic department do not practice proper training needs analysis to enhance the skill of staff and faculty; rather it is done here in a more haphazard manner”.

### *3.3.7 Retention Plans and Organizational Culture*

Retaining the key employees is imperative to the success of any organization. Having a proper retention plan will help organizations deal effectively with the increasing employee turnover rate. Employee participation can enhance the motivation levels among employees of the company, is part of a process of empowerment in the workplace. The mean scores of ‘retention plan and organizational culture’ are found to be 25.25 (72.1 percent) out of possible maximum scores of 35, which is the least score among all the scales. Important findings from the data analysis suggest that 43 percent of the HEI in the study do not have any retention plan for the faculty and staff. One universal approach employed by 75 percent of HEI is to incorporate a fair hearing of any grievances by both the faculty and administrative staff in order to arrive at amicable solutions. In the interaction, one of the HR supervisors mentioned that, “we have an open door policy whereby the staff and faculty can come in and discuss any of the HR issues; even the higher management on the male’s campus encourage this by allowing the faculty to easily access them for any issues”.

Organization culture is also seen in the way higher management communicates with the employees. It was found that communication is open and frequent in 82 percent of the HEIs. Although the HEI apply flexible work options like telecommuting, this is just to a limited extent because of the nature of the work in a university. Similarly, the employees have a formal dress code and are not allowed to wear informal or casual dress at work. In addition, it

was also found that most of the HEI (72%) frequently sponsor events to celebrate business successes to encourage and motivate the faculties and staff. In one of the private universities the attrition rate was found to be approximately 11%. The situation is the same in almost all the HEI studied in Riyadh. This is because of several reasons including the diverse background and culture of new staff and faculty (as the majority of faculties are expatriates), the dissatisfaction due to their higher academic expectation from the students and lack of support and understanding in adjusting to the new environment for faculties. These findings concur with the Guthrie (2001) study, which found that strategic HR practices, such as staffing, training, participation, performance evaluation, and incentive compensation, are related to enhancing commitment, lowering turnover, and increasing performance through their impact on employee development and motivation.

#### 4. Conclusions

This paper discussed six practices of SHRM: strategic alignment, staffing/recruitment and selection, performance appraisal/rewards, compensation, staff training/development, and retentions plans. The findings show that SHRM in Saudi universities has not yet received due attention. The employee recruitment and selection process is largely inadequate and needs effective attention. In Saudi universities, expenditure and time spent on training and development is not considered to be a useful and necessary function. Saudi universities are facing major problems surrounding the development of human capital, especially of the faculty members and need to devote more attention to their SHRM practices. The performance appraisal and compensation system can be successfully used for directing and motivating academic staff in their activities and seeing that their activities are in accordance with the strategic planning and human resource management of the institution. As the university evolves, rapid changes in the strategic human resource management mean there would be a drastic increase in the workload of academic staff. It is therefore important to implement specific motivation schemes and work out a united and fair performance appraisal and compensation system. The study also showed that there is a lack of information about the relationship between faculty satisfaction and retention which is a huge problem in higher education. Misinformation or lack of information can result in ineffective programs intended to improve faculty satisfaction. As a result of this study, higher education institutions which focus on improving retention through satisfaction with strategic human resource management alignment might have more successful results.

As with all studies, this study has some limitations. First, the limited amount of research available on strategic human resource practices in Saudi universities has made it difficult to gather content-rich information from previous studies. Second, some universities did not easily agree to participate in the study. There is a lack of empirical research pertaining to the implementation of SHRM in higher education in Saudi. This lack of empirical evidence of the value of the practice suggested that the existing bodies of research lag far behind the theoretical underpinnings of SHRMs.

The findings from this study are particularly important to a number of stakeholders. First, this is particularly important since higher education institutions are held accountable for the effective use of resources, and resources are dwindling in the country. Second, the administration that governs each university might be able to further identify the talent deficits and needs that may offer a better approach in their work efficiencies and effectiveness. Third, current and prospective employees, including faculty members in Saudi institutions, may be better able to understand the situation of their employer and how effective they are in developing the knowledge, skills, and abilities of their human capital. Finally, regional and international organizations wishing to form alliances with Saudi higher education institutions may benefit from understanding their strategic human resource management initiatives. University administrators and policymakers should design and administer high quality training courses and workshops, flexible payment systems, and outcome oriented performance evaluation systems; they should also encourage the participation of faculty members in decision making processes which can increase their knowledge and skills. The universities need to establish performance appraisal and compensation systems in order to show clearly defined causality between compensation and performance of academic staff. A good and well-functioning performance appraisal system would help the educators to make their mark in the organizational setting of their faculty. The managerial implications suggest closer cooperation between faculties and the human resource department is needed in order to establish more unified appraisal procedures. Thus, the study contributes rich and fruitful findings to the area of strategic human resource management. As universities incorporate better strategic human resource management practices, they will be better prepared to cope with a rapidly changing environment and outside competition. Finally, future researchers are recommended to utilize instruments other than questionnaires (such as interview and checklist), and compare their

findings with this research. Surveying other populations, particularly university planners and administrators may result in different but more reliable information. Future research should include more universities, both public and private. In addition, future research should also consider moderating variables such as university culture, organization climate, and the labor market, especially with the Saudization of the labour force, legal and regulatory environment.

## References

- A Hussain, A. Z. (2011). *Barriers to knowledge management in Saudi Arabia*. (Doctoral dissertation). Available from ProQuest Digital Dissertations and Theses database.(UMI No. 3481091)
- Alrebh, A. (2011). *Wahhabism and power in Saudi Arabia: A practical test of Weberian theory* (Master's thesis). Available from ProQuest Digital Dissertations and Theses database. (UMI No. 1503468)
- Bahrami, S. (2013). Simple and multiple relations between strategic human resource management and intellectual capital in Iranian higher education ,*African Journal of Business Management*, Vol. 7(35), pp. 3451-3460, 21
- Bataille, G. M., & Brown, B. E. (2006). *Faculty career paths: Multiple routes to academic success and satisfaction*. Westport, CT: Praeger Barney JB, Wright PM (1998). On become a strategic partner: The role of human resources in gaining competitive advantage. *Human Resour. Manage.* 37:31- 46
- Besse, R. M. (1973). A comparison of the university with the corporation. In J. A. Perkins (Ed.), *The University as an Organization*. New York: McGraw-Hill.
- Bergquist, W.H. (1992). *The four cultures of the academy*. San Francisco: Jossey-Bass.
- Berry, L. H., Hammons, J. O., & Denny, G. S. (2001). Faculty retirement turnover in community colleges: A real or imagined problem? *Community College Journal of Research and Practice*, 25, 123–136.
- Boice, R. (2000). Advice for new faculty members: Nihil nimus. Needham Heights, MA: Allyn and Bacon.
- Bontis, N. (1996), "There's a price on your head: managing intellectual capital strategically", *Ivey Business Quarterly*, Vol. 60 No. 94, pp. 40-8.
- Bush, R. W., & Ames, W. C. (1984). The Maricopa colleges: Master planning for human resources. *Educational Record*, 65, 22-26.
- Cameron, K. (1983). Strategic responses to conditions of decline. *Journal of Higher Education*, 54, 359-380.
- Cartwright, S. and Cooper, C. (1992), *Mergers and Acquisitions: The Human Factor*, Butterworth-Heinemann, Boston, MA.
- Corson, J. J. (1975). *The governance of colleges and universities*. New York: McGraw-Hill
- Cooper, J., & Stevens, D. (Eds.). (2002). *Tenure in the sacred grove: Issues and strategies for women and minority faculty*. Albany: State University of New York Press
- Chew, J. (2004). "The influence of human resource management practices on the retention of core employees of Australian organisations: an empirical study", PhD thesis, Murdoch University, Perth.
- Chew, Y. T. (2005). Achieving Organisational Prosperity through Employee Motivation and Retention: A Comparative Study of Strategic HRM Practices in Malaysian Institutions, *Research and Practice in Human Resource Management*, 13(2), 87-104.
- Ciftcioglu, A. (2011), "The relationship between perceived external prestige and turnover intention: an empirical investigation", *Corporate Reputation Review*, Vol. 13 No. 4, pp. 248-263.
- Craven, E. C. (1981). Managing faculty resources. In J. R. Mingle and Associates (Eds.), *Challenges of Retrenchment*. San Francisco: Jossey-Bass.
- Dalton, D. R., & Kesner, I. F. (1983). Inside/outside succession and organizational size: The pragmatics of executive replacement. *Academy of Management Journal*, 26, 736-742.
- Devanna, M. A. (1984). The executive appraisal. In C. J. Fombrun, N. M. Tichy, & M. A. Devanna (Eds.), *Strategic Human Resource Management*. New York: John Wiley & Sons
- Devanna (Eds.), *Strategic Human Resource Management*. New York: John Wiley & Sons.
- Flynn, P. (2011). The Saudi Arabian labor force: A comprehensive statistical portrait. *The Middle East Journal*, 65, 575-586. doi:0.1353/mej.2011.0149
- Garcia, M. (Ed.). (2000). *Succeeding in an academic career: A guide for faculty of color*. Westport, CT: Greenwood.
- Glance, N. S., Hogg, T. & Huberman, B. A. (1997). Training and Turnover in the Evolution of Organizations. *Organization Science*, 8, 84-96.
- Greenhalgh, L. (1983). Managing the job insecurity crisis. *Human Resource Management*, 22, 431-444.
- Guthrie J (2001). High involvement work practices, turnover, and productivity: Evidence from New Zealand. *Acad. Manage. J.* 44:180- 192
- Hagedorn, L. S. (2000). Conceptualizing faculty job satisfaction: components, theories, and outcomes. *New Directions for Institutional Research*, 105, 5.
- Hansel, N. (1991). Realizing gender equality in higher education: The need to integrate work/family issues (ASHE-ERIC Higher Education Report No. 2). Washington, DC: George Washington University School of Education and Human Development.
- Hofstede, G., Neuijen, B., Ohayv, D.D. and Sanders, G. (1990), "Measuring organizational cultures: a qualitative and quantitative study across twenty cases", *Administrative Science Quarterly*, Vol. 35, June 1, pp. 286-316.
- Huyser, M. (2004). Faculty perceptions of institutional commitment to the scholarship of engagement. *Journal of Research on Christian Education*, 13, 251–285.
- Jaschik, S. (2007, November 1). A satisfied full-time faculty. *Inside Higher Education*. Retrieved from insidehighered.com
- Jason D. Shaw, John E. Delery, G. Douglas Jenkins, Jr., and Nina Gupta. 1998. An Organization-Level Analysis of Voluntary and Involuntary Turnover. *Academy Of Management Journal October 1, 1998 41:5 511-525;*
- Kaveh Hasani Saman Sheikhesmaeili , (2016),"Knowledge management and employee empowerment", *Kybernetes*, Vol. 45 Iss 2 pp. 337 – 355
- Khaled Aladwan Ramudu Bhanugopan Brian D'Netto , (2015),"The effects of human resource management practices on employees' organisational commitment", *International Journal of Organizational Analysis*, Vol. 23 Iss 3 pp. 472 - 492
- Khairuzzaman et al., (2014),"The impact of human resource management practices on performance", *The TQM Journal*, Vol. 26, Iss 2 pp. 125 - 142
- Keller, G. (1983). *Academic strategy*. Baltimore: Johns Hopkins.
- Latham, G. P. (1984). The appraisal system as a strategic control. In C. J. Fombrun, N. M. Tichy, & M. A.

- Lawler, III, E. E. & Mohrman, S. A. (2003). HR as a Strategic Partner: What Does It Take to Make it Happen? *Human Resource Planning*, 26(5), 15 (b).
- Lengnick-Hall, C. A., Beck, T. E., & Lengnick-Hall, M. L. (2011). Developing a capacity for organizational resilience through strategic human resource management. *Human Resource Management Review*, 21, 243-255.
- Looney, R. (2004). Saudization and sound economic reforms: Are the two compatible? *Strategic Insights*, 3 (2), 1-10.
- Mark A. Huselid. (1995). The Impact Of Human Resource Management Practices On Turnover, Productivity, And Corporate Financial Performance. *Academy Of Management Journal* June 1, 1995 38:3 635-672;
- McKeachie, W. J. (1983). Faculty as a renewable resource. *New Directions for Institutional Research*, 40, 57-66.
- Mika Vanhala, Paavo Ritala , (2016) "HRM practices, impersonal trust and organizational innovativeness", *Journal of Managerial Psychology*, Vol. 31 Iss: 1, pp.95 – 109 DOI <http://dx.doi.org/10.1108/JMP-03-2013-0084>
- Mortimer, K. P. (1985). Flexibility in academic staffing: Effective policies and practices. ASHE-ERIC Higher Education Report No. 1. Washington, D. C. : Association for the Study of Higher Education. ED 260-675.
- Mortimer, K. P. , & Tierney, M. L. (1979). The three R's of the eighties: Reduction, reallocation, and retrenchment. AAHE-ERIC Higher Education Research Report No. 4 . Washington, D. C.: American Association fo r Higher Education. ED 172 642
- Murray, J., & Cunningham, S. (2004). New rural community college faculty members and job satisfaction. *Community College Review*, 32(2), 19–38.
- Nankervis, A., & Stanton, P. (2010). Managing employee performance in small organizations: Challenges and opportunities. *International Journal of Human Resources Development and Management*, 10, 136-151.
- Natalia Garcia-Carbonell Fernando Martin-Alcazar Gonzalo Sanchez-Gardey , (2015),"Is double fit a sufficient condition for SHRM success?", *International Journal of Organizational Analysis*, Vol. 23 Iss 2 pp. 264 - 284
- Neerpal Rathi Kidong Lee , (2015),"Retaining talent by enhancing organizational prestige ", *Personnel Review*, Vol. 44 Iss 4 pp. 454 – 469
- Nelsen, W. C. (1983). Faculty who stay: Renewing our most important resource. *New Directions for Institutional Research*, 40, 67-83
- Ofori, D., & Aryeetey, M. (2011). Recruitment and selection practices in small and medium enterprises: Perspectives from Ghana. *International Journal of BusinessAdministration* 2(3), 45-61.
- Olian, J. D. , & Rynes, S. L. (1984). Organizational staffing: Integrating practice with strategy. *Industrial Relations*, 23, 170-183.
- Pfau, B. N., & Kay, I. T. (2002). *OM8201: Theories of executive human resource management*. New York: McGraw-Hill Custom Publishing.
- Perry, L. T. (1984). Key human resource strategies in an organization downturn. *Human Resource Management*, 23, 61-75
- Ruwan A. (2007). The Impact of Human Resource Management Practices on Marketing Executive turnover of Leasing Companies in Sri Lanka. *Contemporary Management Research*, (September 2007), 3(3), 233-252.
- Sahni, J, Jain. T. k. (2015). A study of modelling strategic human resource management practices. *International Journal of Engineering, Management & Medical Research (IJEMMR)*, 1(1).
- Sahoo, C. K., Das, S., & Sundaray, B. K. (2011). Strategic human resource management: Exploring the key drivers. *Employment Relations Record*, 11, 18-32.
- Schneider, B. (1987). The people make the place. *Personnel Psychology*, 40(3), 437–453.
- Schein, E.H. (1985), *Organizational Culture and Leadership*, 1st ed., Jossey-Bass, San Francisco, CA.
- Smith Cook, D. S. , & Ferris, G. R. (1986). Strategic human resource management and firm effectiveness in industries experiencing decline. *Human Resource Management*, 25, 441-458.
- Smylie MA, Wenzel SA (2006). Promoting Instructional Improvement: A Strategic Human Resource Management Perspective. Consortium on Chicago School Research [www.consortium-chicago.org](http://www.consortium-chicago.org).
- Stonich, P. J. (1981). Using rewards in implementing strategy. *Strategic Management Journal*, 2 , 345-352.
- Sahoo, C. K., Das, S., & Sundaray, B. K. (2011). Strategic human resource management: Exploring the key drivers. *Employment Relations Record*, 11, 18-32. <http://www.pera.net.au/page6.php>
- Subramony, M. (2006). Why Organizations Select some Human Resource Management Practices and Reject Others: An Exploration of Rationales. *Human Resource Management*, 45, 195-210.
- Türk, K. (2008), "Performance appraisal and the compensation of academic staff in the University of Tartu", *Baltic Journal of Management*, Vol. 3 Iss 1 pp. 40 – 54
- Vaughan, G. B. (1984). Balancing open access and quality. *Change*, 16, 38-44