IMPROVING THE COMPENSATION PROCESS IN HIGHER EDUCATION:

FOSTERING A HIGH PERFORMING ORGANIZATION

by

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Abstract

While there is a large amount of research regarding employee satisfaction and turnover, less attention has been paid to the role of compensation, especially in the context of for-profit institutions of higher education. This capstone project conducted a review of budgetary records and human resources files at a for-profit institution of higher education in the Southwestern US. In conjunction with a review of theories and research concerning employee satisfaction and turnover, this capstone project found that adequate compensation philosophies were important factors in improving employee satisfaction and reducing turnover. This capstone project created a change management plan with the purpose of assisting the for-profit institution of higher education in adopting an adequate compensation philosophy. The change management plan included a description of the changes suggested, provided evidence to demonstrate that the changes would be effective, identified individuals who were responsible for enacting the specific changes, and suggested a specific timeline for implementing the changes. Among the changes suggested by the change management plan, this report identified bringing faculty compensation rates into line with established rates in the wider market, and ensuring that job descriptions were kept up-to-date and accurately reflected employee duties. This report also included a plan for evaluating the implementation and success of the change management plan. The goal of this capstone project was utilize collaboration and effective leadership to assist the for-profit institution of higher education in adopting an

adequate compensation philosophy that increased faculty satisfaction and retention, and

that was competitive, equitable, and innovative.

Acknowledgments

The capstone project has been very challenging. The process has allowed me to grow as a scholar by relating theory to practice. As a result, I have also learned how to manage conflict. Learning conflict management has enabled me to establish a good foundation in decision-making. In addition to developing my capstone project, managing conflict tools also helped me to have better relations with people in both my own personal and work life. I would like to give special thanks to the faculty and staff members at the for-profit university that assisted with the development of the capstone Project. Their collaboration while I was working on the capstone project was exceptional. I would like to also thank Capella University committee members and my mentor Dr. Elena Kays for assisting with my development and the completion of the capstone project.

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SECTION 1. BACKGROUND

Introduction

Employee compensation is a factor that can affect the productivity of an employee (Gupta, 2005). In a workplace where an employee views compensation as unfair in relation to the amount of work he or she performs, employee motivation and cooperation tends to be lower than in a workplace where employee compensation is viewed as fair (Yamoah, 2013). There can be a 20% decline in work performance when employees fail to receive pay increases or substantial compensation based on their output (Cole, 2005). Education policies that establish fair compensation provide an environment that promotes the retention of top talent and a high performing workforce (Tenzer, 2012).

An employee depends on a number of factors to establish this perceived fairness or unfairness of compensation (Yamoah, 2013). According to Cole (2005), one key factor is the market recommendation of compensation in a particular field. Cole (2005) found that employees were aware of market recommendation of compensation and were affected by the perception of their own employer's compensation practices in relation to those recommendations. One other key determinant was the compensation of management in comparison to employees (Cole, 2005). If there is a large difference between management compensation and employee compensation, employees may view the workplace as exploitative, which can lower overall morale (Corneliben, Himmler & Koenig, 2011).

Akingbola (2013) suggested that every resource has a value attached to it; therefore, there is value attached to an organization's employees. To attract and retain good human resources, an adequate amount of financial resources need to utilized. Human resources with good skill sets were a value added to the organization, despite the costs often perceived to be associated with them (Akingbola, 2013). As with all organizations, educational institutions need to attract and retain the very best talent. An efficient human resource will (a) utilize fewer resources, (b) deliver better results, and (c) have a greater skill-set compared (Renwick, Redman, & Maguire, 2013).

The purpose of the capstone project was to create a professional product that addressed improving the compensation process at an institution of higher education in order to provide consistent fair pay practices, an improved understanding of market pay, reward high performers, and attract A-players. The deliverable for this capstone was a change management plan that addressed specific guidelines to help educational leaders and staff understand policies, practices, and processes involved in compensation administration as it relates to their employment at the research site. This capstone project involved research conducted at a for-profit institution of higher education located in the Southwestern United States (US). The institution was faced with a number of challenges that included recruiting and retaining high performers. In the for-profit institution of higher education addressed by this capstone project, the deliverable was developed to better reward faculty members for the work they do in order to promote recruitment and retention of high performers.

Topic Description

The topic was aligned with the specialization outcomes of education leadership and management (ELM) as described in Capella University's Doctor of Education Programs of Professional Practice handbook. The topic of improving the compensation process in institutions of higher education was relevant to ELM because it involved implementing change in an education setting. In addition, the changes that were suggested by the deliverable should be considered innovative as they take the institution to new areas of competitive compensation practices. Furthermore, the topic of improving compensation processes was relevant to the specialization of ELM because it focused on helping the institution achieve equity in its compensation practices. Leading a culture that addresses equity in higher education was designated as a specific outcome for the specialization. The specialization of ELM also specifies that topics of capstone projects involve research, literature, and evidence-based decision-making. The topic of improving compensation processes required that the researcher be familiar with a wide body of theoretical literature, as well as review significant institutional data in order to derive evidence for decisions advocated by the capstone project deliverable. Finally, the topic of improving compensation processes required that the researcher collaborate with institution administrators and faculty to develop and implement the change management plan. A change management plan served as a mechanism to assist a for-profit institution of higher education with competitiveness in recruitment, retention, and to provide the tools necessary to attract and reward high-performers. The capstone project, as it related to changes in compensation processes within an educational institution, presented an opportunity to advance the practice of the specialization of educational leadership management. The capstone project deliverable offered solutions that

will assist a for-profit institution of higher education located within the Southwestern US with making sound compensation decisions.

The topic was general and extended beyond the for-profit institution that was the focus of the research for this study. Improvements to compensation processes can be used within all educational settings that may have difficulty with competitiveness in the market, recruitment, retention, and with attracting high performers. The topic suited the specialization of leadership and management because compensation was a critical reward tool in managing performance of employees.

Purpose

The purpose of the capstone project was to create a professional product that addressed improving the compensation process at the research site in order to provide consistent fair pay practices, an improved understanding of market pay, and to reward high performers and attract A players. The deliverable for this capstone was a change management plan that addressed specific guidelines to help educational leaders and staff understand policies, practices, and processes involved in compensation administration as it relates to their employment at the research site. The purpose of this deliverable was to provide a for-profit institution of higher education with the tools necessary to foster stronger work performances, longer tenure on the job, and better outcomes. The project offered a practical framework for the adoption of a compensation philosophy in institutions of higher education that will help them attract and retain the best talent in the market.

Significance

  The capstone project accomplished several things for the specialization of ELM at the for-profit institution of higher education where the research was conducted. The topic of compensation process improvement also had local, national, and global implications. Educational administrators, along with human resources representatives, have a responsibility to provide guidelines to leadership for making compensation decisions that support a high performance culture and align with best practices in compensation. Through the collaboration of educational administrators and human resources representatives, improved guidelines can be applied for making compensation decisions. Improving the compensation process will allow the institution to establish new compensation principles and strengthen the message around the importance of retention, market competitiveness, and reward.

  The chosen topic advances the profession of the ELM specialization by allowing for engagement in a leadership process that promotes the hiring and retention of top talent through the utilization of compensation philosophy, policies, and practices. Change management can be utilized to effectively collaborate with education administrators and human resources representatives in order to provide new guidelines to leadership for making compensation decisions. The topic is also suited to the ELM specialization by providing the opportunity to lead and manage through communication and collaboration in an educational setting. The topic meets the criteria for, and fits the ELM specialization, because it paves the way to lead and manage through critical thinking and reflective practice in an educational setting. Both criteria help to foster a high performing organization. Strengthening the compensation philosophy at the for-profit institution of higher education may be beneficial for the institution's profitability. The institution of higher education has experienced difficulty attracting large pools of candidates for

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open positions, an absence of an incentive recognition policy, and even some instances of low rates of faculty retention. Budgetary constraints and interest in increased efficiency have brought the institution's compensation philosophy to the focus of this research study.

Historical Background of Topic

Power (2013) found that compensation systems dated back to the eighteenth and nineteenth centuries. The aim was to ensure people were recognized and rewarded competitively for the work they performed. The topic of compensation has been extensively studied in higher education (Power, 2013). Reward systems based on work performance can be traced back to 1710 in England (Olson, 2014). "The first instances of performance pay occurred during the Mid-1800s in Britain" (Carter, 2015, p.26). Compensation amounts for teachers depended on how well students performed in the classroom (Olson, 2014). The English government passed policies addressing performance pay (Olson, 2014). The policy was identified as the revised education code of 1862 (Olson, 2014). In a study of teacher compensation systems, Olson (2014) found that the idea of compensation had no rapid growth characteristics within the US, and major changes to compensation can be traced back to the early 1800s. During that time, those who administered schools had little money and teachers were not afforded the opportunity to make decent wages. One system of remuneration included an agreement between teachers and school systems to offer room and board as part of compensation packages (Olson 2014). The compensation process afforded teachers an opportunity to collect wages that would be the equivalent of per diem in today's modern time (Olson, 2014). In 1907, Edmond Holmes, a top education official changed the landscape claiming that reward pay provided less quality education to learners (Carter, 2015). Later there was a movement around 1918 to bring about

equality as it related to gender. During the women's suffrage period, reward pay based on performance had been categorized by many as merit pay (Carter, 2015). By the civil rights period in the 1960s, most educational facilities were on a similar pay structure.

Kaplow (2008) pointed out that pay practices vary significantly across various employing units and also sometimes across jobs. The capstone project deliverable addressed the form, level, structure, mix, and administration of payment systems. Payment occurs in different forms and can either be in wages or benefits, such as retirement, paid vacation, or healthcare. Total labor cost is a function of compensation per employee and total employee headcount. As such, in order to understand the competitiveness in the product market, organizations need to not only focus on pay levels, but should also compare total labor costs with other organizations. Kaplow (2008) suggested that labor costs and productivity are crucial factors in decisions of where to measure production. A look at labor cost shows that labor cost as a percentage of total costs is decreasing, and therefore, there is also a need to include other factors, such as labor force quality and access to markets. One dimension is the nature of an employing unit to pay differentials. An important aspect to uncover would be how many steps or pay grades are within the structure. Another important component is to determine how large the difference is between the pay differentials of one level to another in the structure. Kaplow (2008) reported that large organizations normally utilize over 20 levels. One of the main issues organizations should determine is whether employees at the same hierarchical level in different parts of an organization are paid the same.

Organizational Context

The capstone project was based on research that took place at a for-profit institution of higher education in the Southwestern US. The for-profit institution has been in existence for approximately 120 years. The for-profit university the capstone project addresses has a historical context or basis. The university was originally established as a college in the last decade of the 19th century. Subsequent growth allowed the institution to open another location in Washington D.C. The college was given the right to award bachelor of science degrees in the middle of the 20th century. The college obtained its first accreditation shortly afterward. The college was allowed to award master's degrees during the 1980s, and began offering online courses in the 1990s. University status was officially granted at this time.

The project was identified using information from a university records review. Institution-redacted employee compensation records contained Position Information Questionnaires (PIQS) that had been previously administered to faculty members by the institution's Human Resources Department. Information from the administered PIQS was used to inform the identified project. Faculty members were provided an opportunity of indicating whether they were content with their current compensation process (27 people to date). Whereas 30.22% indicated they were content or satisfied with their current compensation process, 54.13% indicated they were not while 15.65% were neutral. A significant portion of the faculty (74.07%) stated that their compensation rate did not motivate them. When faculty and staff were asked whether they were content with their current pay grade, 77% felt they were not in the correct pay grade and wished they could be moved to the next pay grade. A description of additional duties assigned with no pay increases ranging from years 2013 to 2015 was also used to inform the identified project. 66.6% of faculty claim their duties changed significantly

compared to their current job descriptions while 33.3% claim theirs did not. There was no documentation within university records to suggest faculty members would leave the university in the near future.

At the time of the capstone, the payment procedures at the institution were not based on best practices in compensation. Compensation standards at the institution of higher education where the research was conducted were below the average market wage rate for similar job qualifications. The organization focused on internal pay competitiveness and lacked adequate keenness on external competition, which resulted in difficulty filling critical positions (Cole, 2005). At the time of the capstone, the institution had yet to apply a comprehensive guideline outlining a reward system. The organization used a general system for all employees; whereby pay was determined by job ranking. As such, across the board competitive pay adjustments were rare. In addition, pay increases occurred over a long period, usually several years. The administrators had not initiated leadership discussions with employees about competitive pay, and there was no current leadership compensation basics training at the time of capstone.

The institution had a Faculty Manual Committee that was responsible for publishing institution policies, regulations and procedures. The committee consisted of the campus dean, campus director, and human resources campus director. Committee duties include publishing university policies, regulations, and procedures. The remaining faculty facilitated online and campus courses along with other various duties. From a local economic context, the for-profit institution of higher education provides a network of dynamic educational services to the large metropolitan area in which it was located. The establishment's vision, at the time of capstone, was to become a high performance organization, which can be applied as a standard of excellence and success globally. The quality of higher education is a process that must be

executed in an effort to recruit and retain A-players (Zhou & Volkwein, 2004). The organization

envisions connecting people, business, cultures, and economies of the world to the large

metropolitan area in which it is located, which is dependent on attracting and retaining top talent

and a high performing workforce within the university. In order to hire and retain top talent,

compensation practices within institutions need to promote high performance and ensure

competitive pay rates (Gupta, 2005).

Theoretical Framework

This capstone project drew on core theories from the specialization ELM. These core

theories were: Adams's (1963) equity theory, systems theory, Herzberg's (1974) two-factor

theory, Hagedorn's (2000) job satisfaction theory, and Kotter's (1996) eight-step change model.

These theories provided the theoretical framework for the capstone project.

Equity Theory

Equity theory describes an individual's motivation in terms of their perception of the

balance between the organization's desire for useful inputs and the individual's desire for

beneficial outcomes (Adams, 1963). Adams (1963) suggested that individuals respond

cognitively as well as behaviorally to their workplace environment. In the context of an

institution of higher education, faculty are motivated by their sensation that the compensation

philosophy is reasonable. Donovan (2001) suggested that equity theory was grounded on the

idea that employees were thinking individuals who would respond negatively to interactions that

were not perceived to be equitable. Adams and Jacobsen (1964) extended equity theory to

suggest that an individual would be negatively influenced by overpayment as well as

underpayment.

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Employees evaluate whether or not their workplace is fair by relying on past experiences, coworkers, and what they believe to be the ideal work environment (Goodman, 1974). If employees find the outcomes they receive from the institution to be unequal to the inputs they provide to the institution, Adams (1963) suggested that they would pursue thoughts and behaviors believed to bring outputs and inputs back to an equitable level. Equity theory emphasized the zeal that is needed to motivate and retain stellar employees by providing decent pay and advancement opportunities, along with a suitable work environment. Employees feel motivated if they believe that their input is being balanced by the outputs (Adams, 1963). In other words, employees want to feel that the compensation being paid to them is fair for the amount of work they put in (Gupta & Shaw, 2014).

Jackson, Schuler, and Jiang (2014) argued that employees, contractors, and other human resources in any organization need to be seen as the strategic partners rather than expenses. It was these human resources in any organization who were directly responsible for the successful completion or termination of the institutional projects. Jackson et al. (2014) further argued that companies that pay more to their employees ended up accumulating more profits.

It should be noted, however, that there have been many critiques of equity theory. Some researchers were unable to find any negative effects on employee motivation resulting from overpayment (Valenzi & Andrews, 1971). In some cases, researchers found that underpayment had more negative results than overpayment (Greenberg, 1982; Lawler, Koplin, Young, & Fadem, 1968). Challenging the idea that employees are motivated out of a desire to achieve an equitable interaction with the institution, Mowday (1991) found that many individuals less likely to accept underpayment than overpayment.

Systems Theory

Systems theory is a large body of theory that encompasses many different fields. As it pertains to organizations and employee compensation, systems theorists have posited that organizations should be understood as a whole system and not simply the sum of their component parts (Kauffman, 1980). Changes made to one part of an organization or institution may affect other parts of the institution that do not appear to be directly connected. Systems theory also suggested that systems function best when they were in balance with their environment. In the case of compensation at a for-profit institution of higher education, optimum functioning was achieved when the compensation philosophy was in balance with the wider market in which they competed (Kauffman, 1980). Systems theorists have also suggested that a system often was limited by a lack of interaction with its environment (Senge, 1990). In the case of this capstone project, systems theory was used as a lens to determine what was important for the institution of higher education to seek feedback from employees and from the wider market concerning compensation practices.

In the context of workforce and organizational behavior, systems theory focuses on the interconnections between the various parts of a system. Understanding an organization as a whole system is essential to gaining an accurate conception of its function (Dhar, 2015). In the case of a for-profit institution of higher education, the system can be composed of faculty, staff, and students at the institution. The system also includes the market in which the institution participates. If any of these groups are not essential stakeholders and valued as such, an effective understanding of the organization and how it is affected by changes may be jeopardized (Beer, 2015).

Herzberg's Motivation-Hygiene Theory

Herzberg (1974) conducted a study that involved several hundred employees at numerous organizations throughout the US. The participants were asked about good and bad job experiences and the feelings they had about these experiences. From the responses, Herzberg developed a list of factors that were related to job satisfaction. Herzberg found some factors led to dissatisfaction, while other factors led to satisfaction. He labeled the factors that led to dissatisfaction *hygiene factors*, and labeled the factors that led to job satisfaction as *motivation factors*. In subsequent research, Herzberg, Mausner, Peterson, & Capwell (1957) determined that hygiene factors diminished satisfaction, while motivation factors tended to promote satisfaction. Dissatisfaction and satisfaction were not two ends of the same continuum, but rather separate factors that could co-exist (Herzberg, Mausner, & Snyderman, 1967). Motivation factors, in general, were viewed as intrinsic factors, and they were perceived to be factors that had to do with the work itself. Hygiene factors were extrinsic and had more to do with the environment in which the work was performed (Austin & Gamson, 1983; Naumann, 1993). Some examples of hygiene factors were: (a) company policy, (b) work environment, (c) salary, (d) relationship with administrators, and (e) relationships with coworkers. Some examples of motivating factors included: (a) recognition, (b) advancement, (c) achievement, and (d) the work itself (Herzberg & Snyderman, 1959).

Herzberg and Snyderman (1959) suggested that adequate compensation was a factor in promoting job satisfaction among employees. Motivation-hygiene theory identified salary and compensation as a hygiene factor that could lead to job dissatisfaction if employees did not feel that salary and compensation were adequate. While motivation-hygiene theorists did not suggest that adequate salary and compensation could increase employee satisfaction, they did point out

that compensation practices that were perceived by employees to be inadequate could lead to job dissatisfaction and impeded motivators from improving employee job satisfaction.

Hagedorn's Theory of Job Satisfaction

Hagedorn (2000) expanded Herzberg's motivation-hygiene theory to include factors outside the work environment. Hagedorn noted that there were events that occurred in an employee's life over which the institution for which they worked had little or no control. Hagedorn termed such events triggers. Hagedorn's theory of job satisfaction explained how sudden changes in a person's life, triggers, could have dramatic effects on their feelings of job satisfaction.

According to Herzog (2010), "Each trigger provides an opportunity for higher education faculty to move to a higher or lower level of satisfaction" (p. 27). As it relates to the recruitment process of faculty and staff at the institution of higher education where this research was conducted, many terminations or resignations have been understood in an unfavorable light. Although faculty and staff may choose to leave positions, such departures should not only be understood as negative events. Hagedorn (2000) explained that such departures could occur from a variety of reasons; however, it was also possible that employees chose to depart in order to explore better opportunities at other organizations, in this instant, institutions of higher education. The reasons for staff and faculty leaving be due to perceptions they could generate more income elsewhere. Some faculty members may have decided to go a different route because they were unable to obtain tenure.

Kotter's Change Model

Many institutions find it difficult to efficiently manage change (Hallinger & Tjeldvoll, 2011). Kotter's (1996) eight-step change model provided solutions for overcoming change in an

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organization. The model contained steps that could be taken to help curtail resistance toward

implementing change. The eight steps were: (a) establishing a sense of urgency, (b) creating a

guiding coalition, (c) developing a vision or strategy, (d) communication the developed vision,

(e) empowering broad-based action, (f) generating short-term wins, (g) consolidating advances to

produce further change, and (h) embedding new approaches in the institution's culture (Kotter,

1996). An important aspect of Kotter's model was that it noted the important role employees

play in achieving change (Abrahamson, 2000). The eight-step change model emphasized that

administrators communicate with employees (Charam, 2001).

In the context of the capstone, Kotter's (1996) change model was suggested as a way to

facilitate change in an organization addressing why organizations need to adequately reward

their employees (Kehoe & Wright, 2013). Change is best facilitated by breaking the process

down into smaller components (Kotter, 1996). The rationale for its use includes several

characteristics of the model. The first step of the model involved recognizing the urgency

surrounding the need for change related to recruitment, retention, and employee compensation at

the organization. Faculty and administration collaboration was necessary. There was a need to

establish a team to drive the change, which included faculty and university administrators.

Kotter's (1996) model also recommended the creation of a communication plan to discuss

planned changes and goals. A continual push to make the changes permanent was a part of the

change management process suggested. Kotter (1996) described how obstacles to change

needed to be removed, and that one potential method of promoting change was through the

establishment of reward programs at the institution (Calegari, Sibley, & Turner, 2015).

Certainly, change cannot be implemented overnight within an organization. Change can only be

realized if it is analysed properly and successor activities are built in (Buller & McEvoy, 2012).

Finally, change management should be made part of the core business practices.

Literature Review

This literature review provides an in-depth analysis of research focused on faculty satisfaction and retention. Techniques involving faculty retention and compensation system processes were explored for this capstone project. The review of literature includes scholarly articles and studies related to compensation administration. Other research in the field involved implementing a change process and addressed faculty retention and satisfaction. Those studies provided ways for investigating, problem solving, and managing change in higher education settings. Some of those studies also presented frameworks drawing on theories that can be used to study and execute change. The studies sought to provide remedial interventions to procedures in terms of improving compensatory processes that drive development, recruitment, and reward performance.

Faculty Satisfaction

Employee satisfaction has been one of the most examined variables in studies concerning organizational behavior (Bradford, Crant, & Phillips, 2009). The origins of research in job satisfaction can be traced to the beginning of the 20th century (Cranny, Smith, & Stone, 1992). The Hawthorne studies followed the view that clear attributes of both the job and the environment determine satisfaction (Cranny et al., 1992). Additionally, the results included assumptions that employee satisfaction is determined by the fulfillment of certain conditions on the job. The Hawthorne studies provided strong evidence that job satisfaction was influenced by compensation and other factors (Holtom, Mitchell, Lee, & Eberly, 2008). The role of employee

compensation has been one of the main underlying factors in research on job satisfaction (Phillips & Connell, 2012).

According to Maslow's (1954) hierarchy of needs theory, compensation can have a positive correlation to faculty satisfaction up to a particular point, when all the basic human needs have been satisfied. Therefore, the administrators of an institution should not ignore compensation when examining faculty satisfaction. However, research indicates that faculty satisfaction can also be improved by intrinsically motivating employees (Herzberg, 1974). While compensation was viewed as an extrinsic motivator in the Herzberg's motivation-hygiene theory, it was still identified as essential to employee satisfaction. According to equity theory, the effort that an individual puts into his or her work is proportional to the expected returns, and one of the most prominent expected returns is fair compensation (Adams & Jacobsen, 1964). In addition, acknowledgement of the efforts of an employee through various incentives also contributed to job satisfaction.

Locke, Alcorn, and O'Neill (2013) noted there has been disagreement among researchers about how to measure employee satisfaction and what employee satisfaction actually is. Faculty satisfaction can be affected by many factors. Examples include: (a) satisfaction with mentoring, (b) effective evaluations, (c) compensation, and (d) assigned duties. Pollicino (1996) discussed how certain control points promoted faculty satisfaction. Moore and Gardner (1992) stated "specific aspects of the work environment where faculty satisfaction was high included: job security, freedom to consult, benefits, authority to determine content of classes and authority to make decisions on what courses to teach" (p. 9). Satisfaction can be determined by how well faculty members can adjust to workplace environments. In addition, researchers have considered the various differences among individuals, the jobs themselves, and other variables such as

changes to employee satisfaction connected to increasing globalization (Andresen & Bergdolt, 2012). Managers must consider offering competitive compensation that takes the overall market into account (Taylor, 2014).

According to Moore and Gardner (1992), "Faculty members have entered institutions motivated by the desire to achieve a certain level of success in their field" (p. 5). Many qualities seem to impact future accomplishments. Satisfaction may be determined by how well faculty members can adjust to workplace environments. Hagedorn (2000), Rosser (2005), and Xu (2008) described how employees who felt they were paid equally for equal work were more satisfied. Hagedorn (2000) and Rosser (2005) also suggested that satisfaction was related to the work environment. According to Pollicino (1996), "satisfaction was defined as the extent to which faculty members perceive that the institution provides a climate ensuring professional autonomy and activity commensurate with their specialized expertise" (p. 4).

Hill (2009) closely examined faculty satisfaction in a project that found that many faculty members experienced reduced job satisfaction because of excessive work-loads and low colleague reinforcement. Magnuson, Norem, and Lonneman-Doroff (2009) engaged in analysis and evaluation of over 1,900 faculty members at numerous institutions. The results of the research showed how poor tenure policies caused strain on new faculty, and led to workplace dissatisfaction. Agreeing with Hill's (2009) research, Magnuson et al. (2009) suggested that tenure processes were tied to faculty workplace satisfaction.

Other topics commonly associated with faculty satisfaction were directly related to various job duties. Stability in the workplace contributed to workplace satisfaction. There was a failure to establish work restrictions to stimulate institutional procedures. Pollicino (1996) explained, "Administrators need to be proactive in developing an institutional climate that will

foster collegiality through careful and consistent articulation of the mission, encouraging faculty involvement in matters at the institutional level, and facilitating faculty participation in interdepartmental initiatives" (p. 14).

Sabharwal and Corley (2009) demonstrated how female faculty members categorized faculty satisfaction using intrinsic attributes, promotions, and scholarly barriers, in contrast to their male faculty counterparts, who were more concerned about faculty compensation and benefits. Independence is vital in terms of faculty satisfaction. Pollicino (1996) concluded "autonomy was measured by confidence in personal authority to make decisions about instructional matters, as well as job security and the quality of departmental/program leadership" (p. 12). Pollicino explained how power to make decisions and self-control played an important role in faculty satisfaction. Faculty who have a responsibility for making choices concerning instructional methods tend to feel higher levels of job satisfaction (Clery, 2002; Pollicino, 1996). Instructors who determined what the main content of their courses would be also experienced higher levels of job satisfaction (Clery, 2002). Pollicino (1996) stated, "The promotion of an institutional climate conducive to carrying out the teaching-research-service enterprise of the professoriate is of particular importance due to the recent public pressure on higher education to establish accountability by satisfying outcome assessment criteria" (p. 4).

Hurtado and DeAngelo (2009) conducted a study to examine the issue of employee satisfaction by studying employees who had been promoted and the efforts made by institutions of higher education to preserve tenured faculty. Rosser (2005) demonstrated that elevated trends of engagement and persuasion along with budgetary reinforcements are significant to faculty members when it comes to decisions made for retention. The authority residing in faculty enhances their careers by allowing them to effectively resolve issues while promoting retention

in higher education. Productivity will increase as faculty members gain a sense of value, and a sense of value is increased when their input is categorized as distinguished (Johnsrud & Rosser, 2002).

Faculty Retention

Many faculty members at institutions of higher education are highly committed to their research and often remain in their positions despite low compensation (Zhou & Volkwein, 2004). Higher education benefits from dedicated and committed faculty, but dedication can also be a trait that administrators exploit. However, research also exists that demonstrates that faculty members may seek better opportunities with different institutions (Johnsrud & Rosser, 2002). Faculty, like workers everywhere, are aware of compensation practices in the industry. Faculty and staff dissatisfaction with institutional practices, including compensation philosophy, is associated with high employee turnover (Xu, 2008).

Personal and organizational factors play a role in faculty and staff retention (Xu, 2008). An individual's sex and nationality may be factors that contribute to faculty turnover (Xu, 2008; Zhou & Volkwein, 2004). Household obligations may also affect faculty retention. Eklund (2009) found that employees' sense of accomplishment and the feeling that they work in an optimistic environment were both factors in employee retention. Although some researchers have suggested that pay is not the main factor contributing to faculty retention (Sabharwal & Corley, 2009). Hagedorn (2000) and Zhou and Volkwein (2004) emphasized that faculty retention originated in employee perception of their work environment, which included the institution's incentive system. Xu (2008) observed, "a definitive answer remains elusive as to how important salary is to faculty's turnover behavior" (p. 44). However, the reasons faculty or staff members leave positions tend to be the same for a considerable amount of faculty members

(Waggaman, 1983; Christal & Hector, 1980). Johnsrud and Rosser (2002) also found that faculty were largely concerned with similar issues, stating: "Individuals leaving and staying differed most sharply according to their perceptions of quality of life, time pressure, and chair/department relations" (p. 521).

Even seemingly small supports, such as updating job descriptions, have been found to play a role in faculty retention (June, 2008). June (2008) suggested that clear job duty procedures eased faculty schedules and gave faculty members choices that fit their everyday lives. Collaboration of faculty, staff, and department heads can serve as a vehicle for making institutional decisions. Detailed and specific job descriptions utilized from recruitment onward promoted higher levels of faculty retention (Miller, Jackson, & Pope, 2001). Leadership must make certain that new-hires are properly briefed on their job duties and description as an essential step in the hiring and orientation process. Training must be evaluated to ensure a high quality workforce (Miller et al., 2001).

Institutional support of faculty has been found to be an important factor in faculty retention; however, these "sources of support can vary dramatically by college, department, even by individual faculty member and such perceived inequities can be demoralizing" (Johnsrud & Rosser, 2002, p. 524). Department heads play a vital role in the area of providing support to faculty. Pollicino (1996) asserted,

> Since administrators play a key role in establishing and maintaining the climate in which faculty perform their professional activities, support was considered an enabling rather than evaluative factor, that is, ensuring appropriate optimum conditions as opposed to satisfying preconceived criteria. (p. 4-5)

Miller et al. (2001) found, "On campus faculty development was identified as the predominant form of retention activity, and mentoring by other faculty members was identified as the most

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effective form of retention" (p. 3). Faculty retention has been found to be a cost-saving measure. As Xu (2008) stated, "Faculty turnover has long been a practical and research concern in higher education due to the costly monetary and academic consequences that the institutions have to bear" (p. 40). Vacancies translate into outflow of cash reserves for marketing. According to Waggaman (1983), "Equally expensive are the indirect costs to the university as faculty and support staff lose time from their normal duties to serve on search committees, review resumes, and interview candidates" (p. 6).

It is possible that administrators perceive employee turnover as a positive. Administrators may believe that employee turnover allows for new faculty who may bring new ideas to the institution. Additionally, new hires are in many cases compensated less than tenured faculty. But it is important to note that there are many negative effects to losing experienced faculty. The negative effects include: (a) time required for employee orientation and training, (b) time wasted when research temporarily ceases or is redirected, and (c) the expense of hiring new faculty (Xu, 2008).

According to Zhou and Volkwein (2004), high turnover rates may contribute to lasting organizational problems including problems with the administration of compensation, lack of ability to recruit and retain qualified individuals, and a loss of competitiveness in the market place. Faculty and staff turnover impact the university as a whole. Administrators at institutions of higher education should pay attention to faculty retention because research has demonstrated that all faculty members are involved in efforts that promote a high-performing institution (Waggaman, 1983). Miller et al. (2001) asserted, "The need for a strong, well-trained faculty base, looming faculty shortages, and heightened competition for an educated workforce have

precipitated a more comprehensive and strategic understanding of community college

recruitment and retention" (p. 10).

An adequate compensation philosophy has been found to motivate, attract, and retain

qualified employees (Tang & Tang, 2012). It has been noted that people looking to be employed

compared to the number of vacancies was impacted by pay (Cairns, 2010). Hiring managers

need to be aware that the design of salary packages is a factor in yielding qualified candidates for

open positions, and that external market data can be used in the process (Kurre, Ladd, Foster,

Monahan, & Romano, 2012).

The administration at the institution under study identified managing change was a

barrier. It seemed imperative that a compensation philosophy be created to place emphasis on

how compensation policies, practices, and processes would allow for pursuit of excellence and

support the institution's vision to become a high performance organization. According to

Grasse, Davis, and Ihrke (2014), a compensation philosophy will allow leaders to decide how it

will be competitive in a changing market, especially for a profit-making company. One

challenge in the current organization was the issue of transforming the organization to a high

performing organization; how to move from good to great (Collins, 2001).

Summary

A review of the extant literature has been provided to illustrate how improving the

compensation process fits into the specialization of ELM. In describing the historical

background of the topic as it ties to the significance of the for-profit university, a literature

review was significant in providing a theoretical framework for the capstone project. Research

gathered relating to compensation administration was able to highlight everyday issues that

educators deal with over time. The literature review provided evidence of problems that exist

with compensation administration and the opportunity to evaluate those issues in hopes of

establishing methods and possible strategies for dealing with them. The purpose of the capstone

project was to create a professional product that addresses compensation procedures to be able to

attract and retain A players.

SECTION 2. PROCESS

Introduction

The purpose of the capstone project was to create a professional product that addressed improving the compensation process at the institution of higher education where the research was conducted. The goal was to provide consistent fair pay practices, improve understanding of market pay, reward high performers, and attract A-players. The deliverable for this capstone project was a change management plan that provided specific guidelines to help educational leaders and staff understand policies, practices, and processes involved in employee compensation administration.

Through a review of administrative records at the institution of higher education, several opportunities for change were identified. It was discovered that the institution's compensation philosophy could be improved in three areas. First, there were concerns about pay fairness among faculty and staff. Second, there were concerns about internal pay competitiveness; and third, the institution was experiencing difficulties filling critical positions. Understanding for how these three areas were identified was developed through a study of the extant research literature on the subject of employee compensation. The extant, published literature was analyzed to establish a change management plan in the form of a professional product deliverable. The change management plan was designed to provide tools necessary for stronger work performance, longer tenure, and better outcomes.

Ethical Concerns

In order to gain institutional review board (IRB) approval, an in-depth ethical review of the project was required. Submission requirements included the approved capstone proposal, a signed site permission letter allowing access to the site, and an approved ethics review paper. The ethics review and the IRB approval process contributed to the development of the project in a number of ways. The IRB approval process helped the project maintain high ethical standards while remaining focused on the research topic. There were several ethical concerns involved in the project. Ethical concerns included human participant risk, conflicts of interest, intellectual property rights, site permission, and bias.

Human Participant Risk

Research conducted without adequate attention to human participant risk may lead to negative outcomes for participants. Human participant risk guidelines were important because they had the potential, if followed correctly, to protect individuals from harm, providing a process that promoted their well-being (Harkness, 2006). Human participant risk was closely associated with goals that related to ethical practices and protection of participants within the study (McDonald & Cox, 2009). As a result, human participant risk guidelines were followed at all costs to ensure a process was followed that aided in the positive development of research goals that upheld protection mechanisms. Harkness discussed several categories that outlined fair practices involving participants and ways to avoid potential risk to them. The Belmont Report (Ryan et al., 1979) expressed how not adhering to the ethical principle of human participant risk could negatively impact participants and their families.

For example, the improper release of information without written consent during the research process may cause harm to study participants. Anonymity was also a concern as some

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participants may have not wanted sensitive results and data made available for public access. The researcher determined that it was necessary to use numbers that identify participants rather than their true names in order to protect their identity and privacy. To put participants at ease it seemed necessary to explain that all information would be confidential and participation would be anonymous. Additionally, the researcher ensured that all participants had a total understanding of risks associated with participating in the study.

According to Locke et al. (2013), another ethical issue that could arise as a result of the project was the publication of a final report that contains negative findings. It seemed most important to keep participant information or results private by identifying participants with numbers rather than by their true names. If those precautions were not taken, some participants may regret having any involvement with the project had they been aware it would yield negative findings and that their names would be disclosed. The researcher composed a disclaimer document that explained potential impacts of the release of results. After careful analysis and the adoption of necessary safeguards, it was determined that human participant risk was not an issue the study needed to address.

Another risk to human participants was deception. Deception had the potential to hinder the goals of an entire research project and weaken protection mechanisms. Anyone conducting research should always identify themselves as the researcher. The Belmont Report (Ryan et al., 1979) establishes legal bases providing guidelines that promote integrity when it comes to choosing subjects. It had been determined the issue of human participant risk could be mitigated when engaging in projects by referring to the Belmont Report for clarification.

Conflicts of Interest

Conflicts of interest can be tied to many issues, including potential financial gain (Horner & Minifie, 2011). Managing the risk of conflicts of interest was important because it supports the integrity of the project (Wolf & Zandecki, 2007). Because this study addressed issues of compensation improvements among faculty and staff members at an institution where the researcher was employed, a conflict of interest management plan had to be developed to manage and reduce the potential for conflict. This plan involved three parts.

Part one of the plan stipulated that participants of the project were recruited from departments not associated with the researcher. As intangible conflicts of interest were the primary concern in this situation, a conflict of interest management plan that solely allowed the selection of participants not associated within the same department was appropriate. Part two stipulated that an independent reviewer was involved as an oversight mechanism to properly monitor any research site conflicts of interest. According to Ehringhaus and Korn, (2002) a task force may be used to address institutional conflicts of interest and committees may be placed within institutions as an oversight mechanism. However, it was determined that a task-force was not necessary for this project.

Intellectual Property Concerns

Intellectual property guidelines prevent the use of information without permission The researcher contacted the institution of higher education's marketing department, the department tasked with managing the institution's intellectual property. After conferring with the marketing department and leadership at the university as it relates to intellectual property, the researcher determined that no content would be used without the written permission of the institution. It was also established that if permission was extended by the institution to use any of their

intellectual property, no property would be modified and all institution copyrights would remain. Permissions involving intellectual property may be granted through a license when research is being conducted (Carroll, 2015).

Intellectual property was not a concern because at the time it had not been determined if the capstone report would be published. One concern has been if a professional product is created having the potential to be published, will it be used directly for the university or by another organization? A previous study indicated that large firms rather than the university (Cummings, 2014) had in fact used amount of patents created by faculty. If future publication were to become a reality, policies and procedures concerning intellectual property at the university have been provided.

Researcher and Participant Bias

The last process used to develop the project as it relates to ethical review involved bias. Bias may lead to flaws in the results of research studies. Adelson (2013) suggested a wide variety of tools used by researchers in terms of selection bias. During the capstone project, bias was managed through the use of a bias prevention plan that included a process that did not purposely select participants that were more interested in the subject or capstone topic of compensation philosophy. The bias prevention plan was used to prevent self-selection bias or selection bias. Bias as it relates to the current capstone was managed by using equal probability of selection method (EPSEM). The EPSEM process helped the study to obtain a sample of the entire population located at the site. Self-selection bias can be avoided through the use of a two-step process involving regression techniques and instrument variables (Titus, 2007). A bias prevention plan was developed consisting of a process that excluded questions that persuaded participants to answer in a predetermined way.

Site Permission

      Site permissions were obtained; it would have been unethical to proceed without site permissions. Capella University IRB guidelines require that permission from the correct research site leadership must be granted in the form of a signed letter. It was discovered during the process that permission can vary across fields of study and organization type. One option was to send a correspondence outlining the initial purpose of the project as a formal request.

      Permission was granted by the dean of the for-profit institution that was the focus of the study. Permission to access stakeholders, including current faculty and staff, was granted. Access was granted for the purpose of reviewing facility and financial records along with redacted personnel records.

Description of the Problem

      A systematic review of operational and budget records at the research site was conducted. It was discovered that in some cases, budgetary resources were not available to fill necessary positions. The institution's budget archive file indicated that the institution had not previously allocated enough funds within the budget to cover the needed positions. In some cases, budget allocation funding had not been designated to the appropriate expenditure lines. Assigning funding to priorities other than those that had been pre-determined led to situations in which there was inadequate funding for required staff positions.

      The researcher found that the institution under study experienced difficulty attracting a large candidate pool for open positions due to some salary descriptions being set too low. Many institutional job postings listed very wide pay ranges. In some instances, candidates had counter-offered and explained to recruiters that they felt misled about the pay that was being offered

relating to the vacant position. The researcher also discovered that human resources occasionally

posted positions at the maximum level, although the university had budgeted a significantly

lower level for the position according to the budget archive file. Some candidates had, in fact,

turned down the position because the compensation package offered was too low. A position

became open for an admissions officer, for example. The range of compensation for the position

was between $15.00 and $30.00 an hour. A human resources candidate file entry indicated one

candidate was offered $15.25 for the position although the position was actually budgeted for a

maximum of $25.00 an hour; still below the listed maximum hourly rate indicated on the job

posting. When referring back to the institution's budget archive file and comparing it to the

human resources candidate file entry, the budget archive file indicated enough money had not

been previously allocated within the budget to cover this needed position. The position opening

was later cancelled. Communication between the budget office and the human resources office

was not clear about funding allocations for necessary positions.

The researcher next conducted a review of faculty and staff redacted personnel records.

The goal was to determine if job duties changed significantly when compared to current job

descriptions. The institution-redacted employee compensation records contained position

information questionnaires (PIQS) that had previously been administered to faculty members by

the university's human resources department. Information from the administered PIQS was used

to inform the identified project. Faculty members were provided an opportunity of indicating

whether they were content with their current compensation process. Responses revealed that

30.22% of respondents indicated they were content or satisfied with their current compensation

process, 54.13% indicated they were not while 15.65% were neutral. A significant portion of the

faculty (74.07%) stated that their compensation rate did not motivate them. When faculty and

staff were asked whether they were content with their current pay grade, 77% felt they were not

in the correct pay grade and wished they could be moved to the next pay grade. A description of

additional duties assigned with no pay increases ranging from years 2013 to 2015 was also used

to inform the identified project. A significant portion of faculty (66.6%) believed that their

duties changed significantly compared to their current job descriptions, while 33.3% believed

that their job duties had not change significantly. There was no documentation within university

records to suggest faculty members would leave the university in the near future.

A review of institution of higher education's records of employee compensation was also

conducted. The review indicated that adjunct faculty had not received pay increases or other

compensation benefits such as health care and retirement benefits. June and Newman (2013)

indicated how one initiative, called the *adjunct project,* tracks data indicating that a significant

portion of faculty at institutions of higher education were not afforded the opportunity to obtain

health care, and only a small percentage had current or future access to pension plans. While

health benefits and retirement did not seem to be a central concern at the institution of higher

education, compensation was. It is interesting to note, however, that many of the faculty and staff

members suggested that the Affordable Care Act was a major factor in their low prioritization of

health insurance. One professor assigned to the University of Arizona indicated his

disagreement with current compensation asserting no matter what pay level had been achieved,

all levels were perceived to be low. (The Adjunct Project, 2015). Compensation within higher

education is just not a local issue but also a national one.

Table 1 displays PIQS results of the institution of higher education records review.

Institution-redacted employee compensation records indicated faculty and staff members were

assigned additional duties with no pay increases. Figure 1 lists the additional duties that had

been assigned with no pay increases according to human resources records. In one instance across the country some professors showed the same frustrations over inequalities relating to pay, retirement benefits, and health insurance (Gravois, 2006).

Table 1. *Job Duties Changed Significantly Compared to Current Job Descriptions*

Faculty/Manual Committee	Duties changed significantly compared to current job descriptions 2013-2015	Duties did **not** change significantly compared to current job descriptions 2013-2015
001		X
002	X	
003	X	
004	X	
005	X	
006		X
007	X	
008		X
009	X	
0010		X
0011	X	
0012	X	
0013	X	
0014		X
0015	X	
0016	X	
0017	X	
0018	X	
0019	X	
0020		X
0021	X	
0022		X
0023	X	
0024	X	
0025		X
0026	X	
0027		X
Total:	66.6%	33.3%

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Higher student teacher          Provided                  Was (on call)
ratio as a result of            university tours.          available to fill
more students being                                       in for faculty
added to classes
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| 2013 | | | | 2014 | | | | 2015 | |

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                  Served as acting        Organizing and                    Assigned to
                  Senior Onsite           facilitation of                   assist in early
                  Dean or Assistant       seminars in addition to           student
                  Onsite Dean             regular assigned duties           registration
                                                                            process
```
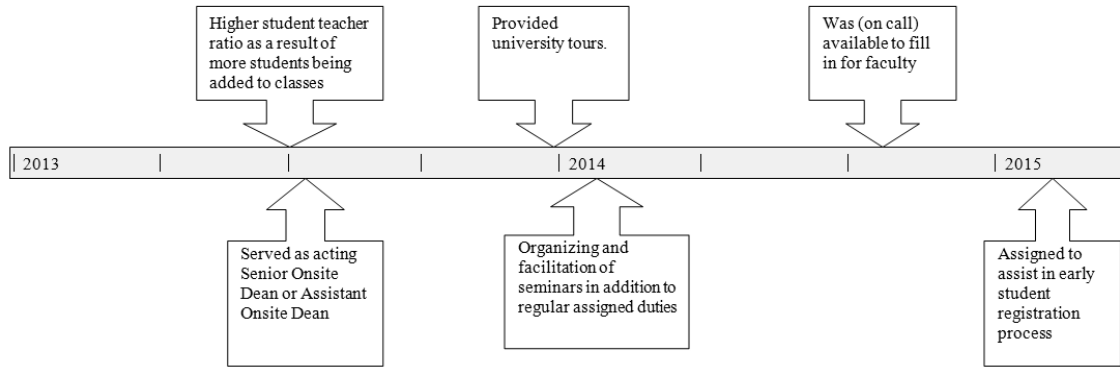
Figure 1. Descriptions of additional duties added as documented by PIQS.

The review of the institution's administrative documentation revealed that the compensation philosophy that was guiding the compensation practices at the institution was not adequate to increase faculty retention and facilitate job satisfaction among employees. An in-depth review of the literature relating to faculty satisfaction and retention was next conducted to determine appropriate changes and methods of change that would lead to an adequate compensation philosophy at the institution. Paired with the theoretical framework for this project, the literature review revealed several key elements that would assist the institution in achieving an adequate compensation philosophy.

The key elements of this adequate compensation philosophy included the following: evaluate industry standards for salary and compensation and employ compensation practices that ensure that faculty salary and compensation is comparable to industry averages; maintain accurate and up-to-date job descriptions for all positions to ensure consistent and fair compensation practices; and provide compensation increases for additional job duties as they are assigned. Once the key elements of an adequate compensation philosophy were identified, a change management plan was developed along the lines of the theoretical framework to assist the

institution in implementing these elements. The change management plan utilized Kotter's

(1996) eight-step model as the basis for the change management plan. The plan included a

specific timeline for implementing the change, and also identified key stakeholders and

individuals who were responsible for implementing each step of the plan.

Description of the Capstone Project Deliverable

The capstone project deliverable was a professional product that addressed improving the

compensation process at the research site in order to provide consistent fair pay practices, an

improved understanding of market pay, and to reward high performers and attract A-players. The

deliverable for this capstone was a change management plan that addressed specific guidelines to

help educational leaders and staff understand policies, practices, and processes involved in

compensation administration as it relates to their employment at the research site. The

deliverable sought to promote the retention of top talent and a high performing workforce within

the university.

The content of the project and deliverable included strategies for overcoming

compensation policy obstacles in higher education based on a review of related literature and a

thorough university records review. The deliverable included pictures, diagrams, checklists

requirements, and a number of visual aids to implement the change management plan within the

institution of higher education. The deliverable was produced in the form of an eBook. The

eBook was divided into six sections.

Section one, *overview*, included the introduction, rationale, intended audience and setting,

impact, alignment to standards and framework, project details, and organization participants

roles and responsibilities. Section one briefly outlined the theoretical framework in which the

change management plan had been developed. Section one also explained why the deliverable

was suitable to the target audience and relevant to the setting of an institution of higher

education. The section further went on to describe the team that had been assembled to enact the

change management plan, as well as their roles and responsibilities. Specifically, the section

identified the project coordinator, the project sponsor, and the project director. The identification

of these team members and their responsibilities was made in order to ensure that the appropriate

skills and responsibilities were involved to ensure that the change management plan could be

implemented.

Section two, *identifying change*, included subsections on types of change, reasons for

change, change scope, current status, future state, salary structure, compensation categorization

and changes, market considerations, and individual pay/change approaches. This section

thoroughly described the current compensation philosophy at the institution of higher education,

and identified areas where the institution had opportunities to achieve increased competitiveness

in the market. Section two provided several examples of current practices at the institution of

higher education that may not lead to high levels of recruitment or faculty retention. In

particular, section two thoroughly demonstrated that faculty members at the institution of higher

education felt that they had been assigned increased duties without appropriate compensation

adjustments. Finally, section two concluded by suggesting broad changes to the institution's

compensation philosophy.

Section three, *particulars of the change*, included: (a) the process of change, (b) changes

for requesting a new position, (c) changing an existing position, (d) changes to compensation for

additional duties assigned, (e) job postings, (f) educational market comparisons, and (g) people

in charge. Section three provided detailed descriptions of specific changes that could be

implemented to assist the institution's compensation philosophy in becoming more competitive.

Such specific changes included: utilizing position information questionnaires and scorecards

when administrators requested new positions; requiring a human capital management review of

job descriptions prior to filling an open existing position, and allowing department heads to

provide input on the job descriptions of existing positions; providing 3% to 7% pay increases

when additional job duties were assigned; regular reviews of job descriptions posted on the

institution's intra-agency website; and requiring human capital management to perform regular

market comparison studies of employee compensation. Section three also described new

responsibilities for human capital management and administrators at the institution.

　　　Section four, *implementation/sustaining the changes*, included (a) an action and

communication plan, (b) review of strategy, (c) employee readiness plan, (d) resistance plan,

training plan, (e) information sharing, (e) costs of change, (f) risk assessment, and (g)risk

assessment matrix. Section four established the order of operations for enacting the change

management plan. Meetings with the appropriate team members and administrators were

suggested. Section four specified a timeline for the implementation of the change management

plan. The timeline for implementation was set to begin in August of 2016 with the leadership

briefing. Faculty briefings and a town hall to gather feedback were set for September of 2016.

The new compensation philosophy was set to roll out in October through December of 2016,

with leadership review of new compensation practices to be conducted during the first few

months of 2017. Basic compensation trainings for faculty were set to occur in March and April

of 2017. Section four suggested that these trainings be carried out by Human Resources and that

administrators receive a minimum of seven hours of training. In order to bring the institution of

higher education's compensation practices into line with market standards, the change

management plan suggested a five-percent across-the-board compensation increase that would

occur in May of 2017. Section four also outlined potential areas of employee or institutional

resistance. Section four concluded with a risk assessment that determined that the risk associated

with implementing the change management plan was low.

Section five, *compensation principles*, included (a) what the current compensation

process needs to become, (b) whom the plan shall cover, (c) organization analysis, (d)

stakeholder analysis, and (e) a conclusion. Section five delineated the new compensation

principles advocated by the change management plan. These principles were that the institution

should seek to adopt competitive compensation practices in order to attract and retain top talent

in the field of higher education; that the institution should seek to maintain a competitive

position in compensation practices that is within 10% of other similar institutions in the field of

higher education; that the institution should consider compensation to be the direct pay, benefits,

individual development, variable pay, and working environment of any given employee; and that

the institution provide pay based on organizational, team, and individual performance and

contribution to success, as well as demonstrated knowledge, skills, and abilities. The change

management plan also suggested that the institution consider the importance of the position and

strategic and operational needs in formulating compensation for a position. Section five

described how the change management plan was designed to cover all positions at the institution,

including full time and part time, as well as administrative-level positions. Section five

concluded with by providing information on who to contact with questions or concerns regarding

the change management plan.

Section six provided references for the deliverable. The deliverable contained

information on a change management process intended to aid institutions of higher education

develop a plan to make certain that employee growth is obtained. An example that ensures employee growth is obtained is proper budgeting where funds can be used to hold organizational functions during time off (Rosser, 2005). The process delineated in the deliverable is designed to allow faculty members to feel appreciated, reducing the chance of them separating from their employers.

Target Audience

The target audience for the project included members of the faculty manual committee and other faculty members. The faculty manual committee consisted of the campus dean, campus director, and human resources campus director. All parties involved had an interest in improving the compensation process. The goals were to develop ways that provided consistent fair-pay practices to include rewarding and attracting A-players in accordance with market pay. The faculty manual committee represented the campus as a whole.

Plan for Evaluating the Project

After the deliverable was developed through a study of the administrative records at the institution of higher learning and the relevant published research, a presentation based on the deliverable was created. This presentation will be presented to the administration at the institution. The presentation and deliverable provide the rationale for its use. Those rationales include the current urgency for change in the institution as it pertains to recruitment, retention, and compensation processes. The deliverable outlined a specific timeline for the implementation of changes to the institution's compensation practices. Evaluation is an essential step in the process of refining a product and determining how to continue to implement a change within an

institution (Dunlap, 2008). Although an exhaustive data-driven analysis of the project post-implementation is beyond the scope of this capstone project, several methods for evaluating the change management plan contained in the deliverable have been specified.

First, the plan for evaluating the project specified that key performance indicators (KPIs) be used to assess how successfully the change management plan was implemented at the university. The plan for evaluating the project included several steps used to evaluate and monitor the project. The purpose was to determine how well the project was administered. The process provided an opportunity to understand how the project and processes could be improved if needed. The evaluation process also served to provide points in the process for discovering why the change management plans may have failed, if failure had occurred.

The specific KPI to be used in this instance was faculty compensation rates. The evaluation plan specified that after the last step in the change management plan was achieved, an analysis should be conducted of the institution's faculty compensation rates as compared to the general market rates. If the institution's faculty compensation rates have been brought into a range that is +/-10% of the market compensation rates, the change management plan has been successfully implemented. If the institution's faculty compensation rates have not been brought into a range that is +/-10% of the market compensation rates, it is possible that the change management plan was not successfully implemented and further evaluation of the implementation should be conducted.

Second, the plan for evaluating the project specified that the effects of the change management plan on the institution should also be evaluated. The purpose of this step of the evaluation was to determine whether the change management plan identified changes that were appropriate for the institution. This step of the evaluation plan also relied on KPIs to establish to

what level the institution had reached its goals related to compensation philosophy. The change management plan sought to provide the institution with the tools necessary to encourage stronger work performance, longer tenure on the job, and increased faculty satisfaction.

The specific KPI to be used in this step of the evaluation was faculty retention rates. After the change management plan completed its final implementation step as specified in the timeline, the faculty turnover rate at the institution will be calculated and contrasted to previous faculty turnover information established before the project. The change management plan may be said to have identified appropriate changes for the institution if the faculty turnover rate has decreased in comparison to faculty turnover rates from before the project. If the faculty turnover rate has not changed or has increased, it is possible that the change management plan did not identify appropriate changes for the institution and further evaluation should be pursued.

The change management plan included a list of events with an identifiable timeline that identified which members of the institution were responsible for implementing the change. One of the reasons the change management plan included such specific information was to prevent the implementation of the plan from stalling and to ensure that there was consistency in the change. The change management plan also suggested that leadership at the institution keep detailed accounts of project actions and establish a project performance database to monitor progress. The key components of the evaluation plan were to determine if the desired change had taken place and if it had produced the specific expected outcomes. In this case, the desired change was an improved compensation philosophy, and the specific expected outcome was an increased rate of faculty retention at the institution.

Summary

This section provided a synopsis of the capstone project and the process that led to the development of the deliverable. The capstone project reviewed administrative records from an institution of higher education in the Southwestern US. The project then examined the relevant literature and theories to formulate adequate changes to improve the institution's compensation philosophy and an effective plan for implementing these changes. The purpose of this capstone project was to provide the institution with a means of achieving consistent fair pay practices, an improved understanding of market-pay, and assist the institution in rewarding high performers and attracting A players. The deliverable for this capstone project was a change management plan that addressed specific guidelines to help educational leaders and staff understand policies, practices, and processes involved in compensation administration as it relates to their employment at the research site. This section provided a detailed description of the capstone project deliverable which was a change management plan. This section then explained the project's plan for evaluating the implementation and success of the capstone project deliverable.

SECTION 3. APPLICATION

Process and Deliverable Outcomes

This section describes the ways in which the deliverable itself and the process by which it was created may bring about improvement at the institution of higher education for which it was developed. This section also describes how the deliverable contributes to the specialty of ELM. This section also offers recommendations for the specific institute of higher education where the research was conducted, as well as for professional practitioners in the specialty of ELM.

Benefits to the Institution

The purpose of the capstone project was to create a professional product that addressed improving the compensation process at the research site in order to provide consistent and fair compensation practices, an improved understanding of market pay, and to reward high performers and attract A-players. The deliverable for this capstone was a change management plan that addressed specific guidelines to help educational leaders and staff understand policies, practices, and processes involved in compensation administration as it relates to their employment at the research site. The deliverable may assist the institution in developing improved compensation processes and procedures.

Through a review of institutional documentation and a thorough review of research literature related to employee retention and job satisfaction, the researcher developed a change management plan that identified challenges in compensation administration and ways to address

those challenges. The change management plan specified interactions with administrators, faculty, and change leaders at the institution. By constructing a team with these key stakeholders, the change management plan encouraged collaboration and teamwork among faculty and administrators at the institution. The process of enacting the change management plan required that faculty and administrators work closely together, understand each other's viewpoints, and seek common ground for improved effectiveness.

The change management plan in the form of a professional product deliverable was designed to provide tools necessary for the institution to develop an atmosphere that fostered stronger work performance, longer tenure on the job, and better outcomes. The institution will benefit from increased levels of faculty satisfaction. The deliverable sought to promote increased faculty satisfaction by in several ways. Faculty involvement in decisions about compensation and other administrative policies was encouraged by the deliverable. Such involvement has been found to improve faculty satisfaction levels (Pollicino, 1996). Adequate compensation for faculty, which has been shown to increase faculty satisfaction (Moore & Gardner, 1992), was also encouraged by the deliverable. Ensuring that compensation practices were in line with those generally seen in the wider market were also recommended as effective means of improving faculty satisfaction (Taylor, 2004).

The deliverable suggested that the institution of higher education adopt an adequate compensation philosophy, which may allow faculty and staff to align themselves with the internal pay and competitiveness policies at the institution (Grass et al., 2014). The deliverable also suggested that the institution adopt variable pay, incentive, and reward programs in order to promote higher levels of performance. It was found to be important for the institution to ensure that compensation practices were perceived as fair and equitable among faculty members

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(Johnsrud & Rosser, 2002). The deliverable suggested that an incentive recognition policy, including a pay for performance feature, be adopted to assist the institution in becoming a leader in the industry (Waggaman, 1983; Xu, 2008). In addition, the deliverable suggested that an award system be created for safety, customer service, and what were termed random acts of excellence. The deliverable suggested an annual incentive and reward program be designed in support of the overall compensation philosophy at the institution. Such measures may increase faculty satisfaction and retention, and assist in attracting qualified individuals for open positions (Kurre et al., 2012; Tang & Tang, 2012).

The deliverable also strongly suggested that the institution of higher education consider relevant market circumstances in the process of salary administration. Aligning institutional compensation practices with those practiced by the industry as a whole was found to be an important factor in developing an adequate compensation policy (Taylor, 2014). The deliverable outlined steps for how such a consideration may be achieved. Such steps included: competitive market salary studies, market analysis over geography and over time, as well as analysis of job postings of positions with similar responsibilities. The deliverable suggested that managers periodically review and analyse industry competitors in order to ensure that the institution's compensation practices are adequately competitive. The deliverable also suggested that department heads be involved with salary recommendations.

The deliverable suggested that minimum specifications for entry-level salaries should be established in order to attract qualified candidates for open positions. The consideration of compensation package was found to be an important factor in attracting a large pool of qualified applicants for open positions (Kurre et al., 2012). The deliverable outlined a compensation philosophy that may assist the institution in its endeavors to develop balanced and fair salary

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rates for new faculty. Such a compensation philosophy may also assist the institution with

performance and industry competitiveness (Grasse et al., 2014). The deliverable specifically

highlighted the importance of ensuring that positions with similar accountability and

responsibilities be compensated at similar levels.

In general, it was found that faculty perception of institutional support was important for

faculty retention (Zhou & Wolkwein, 2004). Increased rates of faculty retention were also found

to be factors in achieving cost savings at institutions of higher education (Xu, 2008). The

deliverable assisted the institution in increasing faculty retention rates by encouraging the

adoption of detailed job descriptions. The deliverable suggested that new procedures should be

followed in reference to new positions and changing existing positions. It was recognized that

detailed job descriptions were played an important role in faculty retention (June, 2008). It was

also recognized that such job descriptions were most effective when kept up to date and

periodically reviewed (Miller et al., 2001). The deliverable also contained supplemental

procedures that serve as a hiring administrators' guide to making pay recommendations. The

sole purpose of the supplemental procedures was to assist hiring administrators in making salary

pay recommendations that are fair, equitable, consistent, and non-discriminatory.

The deliverable has the potential to produce multiple beneficial outcomes for the

institution of higher education at which it was developed. Adopting the steps outlined in the

change management plan may assist the institution of higher education in remaining competitive

in the wider market. Steps toward developing a competitive compensation strategy were

outlined in the deliverable. The deliverable also addressed policies that may improve the

institution's faculty recruitment and retention practices. The deliverable also explained how

improvements to compensation processes can be utilized for other campus locations to address

competitiveness in the market, recruitment, retention, and to attract high performers. The product went a step further, providing the framework to ensure new compensation processes and procedures function adequately through the use of evaluation. The deliverable addressed such issues as range placement, performance, knowledge, skills, and abilities, market competitiveness, new hires, internal equity, budget and legal considerations, balancing the factors, and communication with staff.

Challenges may include demographics of the workforce and the nature of contemporary work. Organizations have attempted to overcome these challenges by taking advice from outside agencies urging them to modify recruiting strategies to attract new talent, streamline the hiring process, and focus on retention. The professional product deliverable change management guide sought to do the same from an internal viewpoint.

Benefits to Educational Leadership and Management

The specialization of ELM was developed to prepare individuals to become leaders at institutions of higher education. The deliverable itself and the process through which it was created contributed to the specialization of ELM in several ways. The process of developing and implementing the deliverable required identifying practices that have been found to aid professional practitioners in ELM to lead and manage change and innovation in educational settings. Change and innovation was encouraged through the development of a change management plan that may assist educational institutions in ensuring that their compensation philosophy is adequate and competitive in the wider market. The deliverable informs decisions that establish new methods and embrace a compensation philosophy to reduce concerns about pay fairness. The process, through which the deliverable was created, benefited ELM through

the exploration of published research and theoretical literature relating to compensation processes within higher education. The literature provided an opportunity to supply new ideas and concepts for practical frameworks relating to ELM. The supply of ideas and concepts were drawn from an analysis of the literature and informed decisions concerning the adoption of new compensation philosophies in institutions of higher learning. The adoption of new compensation philosophies within the for-profit institution can ensure that institutions of higher education are able to capture the best talent in the market and retain highly motivated employees.

The process of developing and implementing the deliverable required identifying practices that have been found to aid professional practitioners in ELM to lead and manage a culture of learning that addresses equity in educational settings. The deliverable provided improvements to compensation processes that may reduce unfair pay practices and can be used at all educational institutions, facilitating equitable compensation practices. Administrators, by applying the change management plan offered by the deliverable, can make equitable compensation decisions that support a high-performance culture, which aligns with the best practices in compensation. The deliverable also provided information regarding how using detailed job descriptions may reduce concerns about equity in compensation. The deliverable further contributes to the field of ELM by outlining proper administrative procedures around job descriptions.

The process of developing and implementing the deliverable required identifying practices that have been found to aid professional practitioners in ELM to lead and manage through exceptional communication and collaboration in educational settings. The process of developing the deliverable required collaboration between the researcher, administrators, and faculty members at the institution of higher education where the research was conducted. In

order to develop an effective change management plan, the researcher had to recruit key individuals and build a coalition interested in change. This process encouraged collaboration among employees at the institution and demonstrated the effectiveness of such collaboration. In addition to the employees at the institution who were involved in the collaboration that developed the capstone project deliverable, practicing professionals in the specialization of ELM as a whole benefit from collaboration.

The process of developing and implementing the deliverable required identifying practices that have been found to aid professional practitioners in ELM to lead and manage through critical thinking and reflective practice in educational settings. The usefulness of the change management plan contained in the deliverable extends beyond the for-profit institution at which it was developed. The deliverable emphasized the importance of evaluating the progress of the change management plan as it was enacted. Such reflective practice may be utilized by any institution. By encouraging reflective practice, the deliverable can be used as a vehicle to assist institutions of higher education that may have difficulty with competitiveness in the market, recruitment, retention, and with attracting high performers. ELM benefits since the deliverable serves as a tool to enhance university compensation practices. The deliverable identifies that compensation is a critical reward tool for managing the performance of employees at institutions of higher education, and suggests that compensation be properly balanced to ensure that institutions receive the best value from highly motivated faculty. The deliverable, as it relates to changes for compensation processes within the institution, advances the practice of the specialization for ELM by offering solutions that will assist with making sound compensation decisions.

The process of developing and implementing the deliverable required identifying practices that have been found to aid professional practitioners in ELM to lead and manage through evidence-based decision making in educational settings. The deliverable, developed in the form of a change management plan, was grounded on evidence-based practices that encouraged employee satisfaction and retention. The deliverable promoted high performance and competitiveness by identifying evidence-based practices that lead to an adequate compensation philosophy. The deliverable also emphasized the importance of retention, market-competitiveness, and rewards, suggesting that they are beneficial to ELM.

Recommendations

The process of reviewing the institution of higher education's administrative records, reviewing the literature on employee retention and satisfaction, and developing the capstone project deliverable in the form of a change management plan led to a number of recommendations. These include: (a) the use of a forced-choice rating system as faculty performance evaluations; (b) the development of formal succession planning for all positions; (c) the adoption of a scorecard system for awarding employee incentives; (d) increased administrator familiarity with theories around job satisfaction; and (e) recommendations on using the deliverable.

The use of the forced-choice rating system promotes a fair and effective performance evaluation plan. Such a plan enables an evaluator to answer specific questions, usually aligned with and tailored to the organization's mission, vision, and goals. Performance evaluations should be conducted on a yearly basis. The U.S. Merit Systems Protection Board upholds fair pay based on performance and evaluation (Klingner, Nalbandian, & Llorens, 2010). To follow

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the recommendations of the U.S. Merit Systems Protection Board as well as have an evaluation that is fair and effective, an appropriate forced-choice rating system would have the following rating levels: substandard, needs progress, standard, excellent, exceptional. Performance and evaluation may be based on, interpersonal skills, judgment, leadership, problem solving, project development, and judgment. Evaluators should be trained to avoid judgmental errors. Those errors are to include the halo effect, constant error, and personal bias. All evaluations should be reviewed and signed by the appropriate administrator, certifying that he or she has reviewed the content and progress.

It is recommended that adequate succession planning becomes a priority to prevent the inefficient use of resources. A successful succession plan should include the following: (a) a set of procedures that help identify skill sets, (b) the ability for employees to engage in the networking process, (c) a review of human resources documents to readjust job duties, compensation, and benefits at regular intervals, (d) a review of the operational budget for the next fiscal year, (e) a revitalization of the hiring process, (f) an established timeline of the hiring process, (g) established procedures for interim appointments, (h) an administrator review of positions, (i) an evaluation of leadership functions to determine if more training is needed, and (j) a developed plan to relay information and maintain continuity. Succession planning can have direct impacts on the administration of compensation. It is important for an organization to be concerned about positions that tend to be critical in nature and may be difficult to fill in the future. An effective succession plan allows an institution to plan for future vacancies, set clear communication priorities, know their desired outcomes, establish a management plan, develop a human resources procedure for faculty planning and development, create a process for evaluating

future needs, identify and promote the institution's vision, maintain focus on mission and core values.

In order to recognize and reward exceptional work, the institution should implement a scorecard system. The scorecard system should be able to highlight an individual's expected teamwork efforts, job performance, and attendance. The scorecard procedure should be used as an incentive mechanism to determine if an individual is worthy of an incentive, having met expected goals. After meeting all of the requirements and certain timeframes have passed, employees should be evaluated and rewarded based on goals that have been met. In context, a scorecard system would inform an employee what particular positions exist, the essential functions of the position, the purpose of the position, and typical career progressions associated with the position during the hiring stage.

It is also recommended that administrators receive training that familiarizes them with the theories concerning employee satisfaction. Such a training should include identifying different helpful aspects within change theory, systems theory, and equity theory. In addition, the educational institution should seek to be competitive in the market using compensation strategies drawn from theories relating to compensation administration processes. Change theory should be used to develop and maintain a compensation philosophy that addresses concerns about pay fairness, primary focus on internal pay competiveness, and difficulty filling critical positions. Kotter's eight step change model provides strategies to overcome change within an organization. It is recommended that institutions implement changes to improve compensation policies and procedures. In order to facilitate administrator familiarity with relevant theories, it is recommended that the institution create of a team including faculty and university administrators. A communication plan should be executed to discuss the changes and goals

In addition, the deliverable should be used to dictate range placement, measure performance, and assess knowledge. Skills and abilities should also be factored when using the guidelines. Other areas in which the product should provide guidance are to include market competiveness, new hires, and internal equity. A review of budget and legal considerations should be a required when executing the compensation plan. Balancing factors when communicating with faculty and staff should be used when referring to the deliverable. It is very important to remember that communication tools should be used to execute delivery methods as it relates to explaining changes to compensation. When using the deliverable, the administration should be mindful of three payment zones. The zones are; minimum pay zone, market pay zone, to maximum pay zone. They should be established as zone 1, zone 2, and zone 3. Classifications need to be categorized as needs development, successful, and role model with outlying descriptions that signify each category.

Compensation program features along with pay change types need to be selected. Guidelines need to be provided about new or changing existing positions and how to set salary pay structures. Procedures for streamlining job classification systems should become accessible. Compensation administration procedures should be used as guidelines to employ pay and reward practices. Those practices will support the university's intent to have competitive salaries; that will reward, retain, and attract top performers. The deliverable should be used to address the classification study and review of current compensation processes and procedures. The deliverable should serve as a guide that informs who is covered under compensation policy increases and who is responsible for implementing changes associated with the process.

The deliverable should serve as a change management plan to provide guidance on total compensation as consisting of direct pay, benefits, individual development, variable pay and

working environment collectively. The process should include providing pay based upon organizational, team, or individual performance. Contribution to success, demonstrated knowledge, skills, and abilities should also be considered. Competitive market changes, strategic or operational need, and criticality of the incumbent contributor should be assessed. The process should provide variable pay, incentive and reward programs that promote high performance and challenge team members to be the best in the industry.

Conclusion

This capstone project was designed to demonstrate the effectiveness of improving a for-profit institution's compensation philosophy, and to provide the institution with a change management plan for bringing about real changes to compensation practices. The capstone project also sought to assist the for-profit educational university gain competitiveness in the market, recruitment, and retention. The goal was to provide the tools necessary to attract and retain high performers. Moreover, the capstone project provided the tools necessary to provide stronger work performances, longer tenure on the job, and better outcomes. The development of the capstone project deliverable provided opportunities for collaboration among faculty and administrators at the institution and identified opportunities for change within the institution. The deliverable itself benefited the institution by providing a detailed change management plan for implementing desired changes to compensation philosophy and practices. The deliverable contributed to ELM by establishing a process for ensuring the leaders and managers maintain up-to-date, fair, and effective compensation philosophies.

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