

Thoughtful workforce transitions in higher education

Impact of COVID-19¹

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COVID-19 has been an inflection point for institutions of higher education in the United States. Midway through the 2020 spring semester, campuses shut down, refunded students' room and board, and made unbudgeted investments in transitioning to a virtual environment.

For the 2021 academic year, most institutions are expecting declines in room and board payments, student enrollment, endowment returns, and alumni and donor giving. They are counting on far fewer campus athletic and cultural events. Public institutions are expecting lower state appropriation funding than they received in 2020. Alongside these projected revenue shortfalls, investments in social decisions need to continue to provide both distance and on campus education in fall 2021.

One of the ways institutions are responding to these financial challenges is to rethink their staffing models and reduce faculty and staff costs. Some are implementing hiring and travel freezes, deferred retirement contributions, salary reductions, furloughs, and freezing of annual merit increases. Some have gone further to eliminate staff positions and terminate faculty contract renewals, or change them to one-year contracts. *The Chronicle of Higher Education*² reported that (as of July 2, 2020) 224 higher education institutions had conducted a layoff, a furlough, or a contract nonrenewal because of COVID-19, affecting at least 51,793 faculty and staff. Dan Bauman, the researcher, thinks this number is a significant undercount because of limited access to data. If budgets prove challenging to balance, further waves of terminations can be anticipated as well as the possibility of zero or limited hiring on some campuses in 2021.

The costs of layoffs

Layoffs can result in significant payroll savings for the institution, but they also present costs. There are the upfront legal fees and severance packages as well as the time it takes for university administration to plan for a smaller workforce. The

more profound costs from layoffs are the hardships to faculty and staff who lose their jobs, and the decline in morale and productivity of those who remain.

EFFECTS ON TERMINATED FACULTY AND STAFF

The loss of a job can be a difficult, even traumatic experience, with emotional effects that go beyond the loss of livelihood. For many in academia, landing a comparable job is harder than it is for employees in other sectors: Faculty positions are extraordinarily difficult to come by and for a staff member, finding a job locally can be equally trying because the institution is often one of the larger—if not the largest—employers in the region. These employment challenges are only accentuated in the current recessionary environment where 13.3% of the working population was unemployed in June, according to the Bureau of Labor Statistics. If and when faculty and staff obtain alternative employment, they would likely have to relocate and displace families geographically.

EFFECTS ON THE SURVIVORS – THE FACULTY AND STAFF WHO REMAIN

Reduced work week, salary cuts, and cutbacks in contributions to retirement plans (by employees as well as by the institution) have a material impact on income, and layoffs and furlough create anxiety about job and income security and how work might change. These changes affect the various job groups on campus differently. For example, tenured faculty likely do not feel the fears about job security that contingent faculty and staff on furloughs might experience. They might, instead, be concerned about a heavier workload.

While some are clearly affected more than others, most people on campuses are likely unsettled by layoffs and the uncertainty about the future. In fact, layoffs—research has repeatedly shown—lead to declines in survivor engagement. That translates to their willingness to go the extra mile on behalf of the institution and the constituencies it serves. Magnus Sverke and Johnny Hellgren of Stockholm University and Katharina Näswall of the University of Canterbury found that after a layoff, survivors experienced a 41% decrease in job satisfaction, a 36% decrease in organizational commitment, and a 20% decrease in job performance.³ Moreover, high performers may simply leave.

Paradoxically, these declines occur when the demands on faculty and staff are often greater than they were before the layoffs. In a post-layoff environment, faculty and staff often have to do more with less: Faculty may have to teach more courses and take on additional committee and academic administrative responsibilities, and staff may need to pick up work from colleagues whose positions have been eliminated. If they are discouraged and feel overburdened, they may be resistant to doing more.

As institutions of higher education realign to address funding deficits and social distancing requirements, there will likely be further changes in the workforce model. Mergers and acquisitions are expected with downstream reductions in resource requirements. Given the risks to faculty and staff who leave, as well as to those who remain, how can institutions prepare for workforce changes with thoughtfulness and care?

Prepare to do it right: Eight ideas

1. Establish a workforce transition philosophy

Outline a workforce transition philosophy to serve as a compass for future workforce changes. Without an explicit philosophy to guide and ground decisions, the elimination of jobs can appear haphazard and create concerns for faculty and staff. Sandra Sucher and Shelene Gupta of Harvard Business School⁴ advise that this philosophy should establish the values and principles an organization will abide by as it implements change as well as its commitments and priorities. We recommend sharing this philosophy with representatives of relevant institutional constituencies to identify risks and opportunities that may have been missed. Proactive efforts to obtain insights across campus will allow for easier acceptance of workforce changes when done in accordance with the underlying philosophy. Once finalized, the institution should communicate this philosophy with faculty and staff to set their expectations and create confidence that the institution has a clearly defined approach to leading workforce changes during uncertain times.

2. Improve the operating model before eliminating jobs

When confronted with a budgetary crisis, organizations often react by terminating employee positions. Cutting headcount without optimizing the operating model may just not lead to the right cuts. We recommend that institutions invest the time and resources to streamline operations before making headcount reductions. Such operational redesign efforts will lead to changes in capabilities and resources required—some tasks and jobs will go away and new ones may be added, but the process of getting there will be strategically and operationally sound and respectful to faculty and staff who expect measured, well-reasoned responses. Research⁵ by Ranjay Gulati, Nitin Nohria, and Frank Wohlgezogen from Harvard Business School

showed that organizations that successfully emerged from the 2008 global financial crisis relied less on layoffs to cut costs and leaned more on operational improvements.

3. Enable faculty and staff participation in cost-saving efforts

Build and promote voluntary programs that allow for faculty and staff to participate in cost reduction efforts. Such programs—like a reduced work week, job sharing, use of paid time off, and voluntary time off—will reduce compensation and benefit costs, and limit furloughs and terminations that are not strategically imperative. These initiatives will be welcomed by faculty and staff who want to pursue research projects or focus on family and personal matters. In addition, some may appreciate the opportunity to make changes in their own work lives to save jobs for others. There are also opportunities to offer early retirement and voluntary separation incentives, and to engage alumni to help colleagues. The University of Massachusetts at Lowell has established a short-term emergency financial assistance fund—financed by donations from alumni and friends—that assists employees who have been temporarily laid off.

4. Establish “fair practice:” What it means for your institution

Joel Brockner of Columbia Business School⁶ draws on a study to propose that organizations that demonstrate fair process have zero or minimal wrongful termination cases as well as shorter dips in engagement compared to organizations that do not establish fair process. Performance-based reductions can be considered fair as can position eliminations due to strategic realignment or operational improvements. Fair practice, in its classic sense, implies decisions that affect everyone, or most people, in equivalent measure: Across the board pay cuts, shutting down campus for a specified number of days each semester, or a reduced work week for all would all qualify as such. Fair practice can also suggest decisions that minimize the impact on those who may feel it most. In May 2020, the president of the University of Arizona⁷ announced that the university would offset COVID-19-related revenue losses with furloughs and tiered pay cuts with the percentage of cut increasing with salary. Those earning more would bear a greater proportion of the burden.

What seems like unfair practice can become a hot button with the potential for negative effects to institutional reputation. For example, the recent faculty contract non-renewals on a few campuses led to some faculty backlash because the actions predominantly affected the lower ranks.⁸ Steve Striffler, the incoming president of the Faculty Staff Union at the University of Massachusetts Boston, told Emma Petit of the *Chronicle of Higher Education*,⁹ that he understands that “unknowns” like fall enrollment and state funding can produce some

“nervousness,” but that this uncertainty should not “translate into going after the folks that are the most vulnerable.” These terminations, he continued, are even more painful in the context of COVID-19, where many contingent and non-tenured faculty have worked extraordinarily hard to convert general courses to a virtual medium and have supported students through that process.

In contractual terms, eliminating contingent faculty can be considered fair practice because tenured faculty are legally protected. However, the criticism of the recent layoffs highlights the importance of defining parameters on fair practice when it comes to employee terminations and to consider the effects on more vulnerable employees.

When defining the parameters for fair practice, it is important to give due consideration to the institution’s mission and values, faculty and staff cultures, and the scale and type of workforce realignment anticipated.

5. Commit to dignified and caring transitions

Provide decent financial severance and a menu of outplacement services that can be customized to meet diverse needs and career aspirations. Consider contributions to relocation expenses as well as to COBRA to make it easier for faculty and staff to continue in their current health insurance plans. Some organizations outside the academy have started initiatives to fund entrepreneurial ideas for departing employees to jumpstart the next phase of their careers.

It is important to treat departing faculty and staff with dignity. We recommend that the dean (if faculty) or administrative manager (if staff) conducts a virtual one-on-one meeting with the individual to recognize their contributions and express genuine regret about their leaving, offer assistance with references, and counsel in the job search even after the individual has left campus.

While budgets might be tight, taking care of departing employees is the right thing to do. Such compassionate actions also mitigate the negative impact of layoffs on faculty and staff who remain. Research by Jane Dutton from the University of Michigan and Peter Frost, cofounder of the Compassion Lab,¹⁰ shows that the absence of compassionate leadership during difficult times affects not only the people directly affected, but also “erodes loyalty among colleagues who witness the lack of care.” If workforce transitions are handled with thoughtfulness and care, the dip in employee engagement will be less severe, and the remaining faculty and staff will be more readily willing to contribute their time and efforts to building a resilient institution.

6. Plan to manage ongoing transitions

After a layoff, there will still be more change on the horizon given the ongoing effects of COVID-19 on social distance requirements and the economy. Many institutions of higher education are rethinking academic and administrative strategies, operational and organizational design, and workforce plans. For anticipated changes, it is valuable to conduct a change impact analysis to identify the scale of impact on each stakeholder group and to develop a change management plan that addresses both shared and unique effects. In addition, leadership—that is, the president and provost, deans, and administrative leaders—should provide regular updates to share direction on planned changes, address questions, and quell anxiety. If leadership is silent, the vacuum will be filled by rumors that can promote disinformation and accentuate difficult emotions.

We recommend equipping all levels of leadership with talking points so they can communicate confidently and consistently with their teams.

For communications to be meaningful and effective, they should:

- Present a sound rationale for workforce transitions decisions as well as actions taken to facilitate transitions
- Provide information, recognize anticipated emotions, and address desired behaviors
- Flow top-down internally before any external announcements are made.

Sustained change management is critical during periods of prolonged uncertainty, which is what COVID-19 has brought to campuses.

7. Don’t underestimate the effects of faculty and staff departures on students

For some students, the relationship with a faculty or staff member can be significant, and the idea that one or more of the people they came to rely upon may not be on campus when they return can be difficult to process. The pandemic and their distance from campus can make students feel particularly vulnerable, and the loss harder than it might otherwise be. We recommend informing students about faculty and staff members who will be leaving and highlighting the contributions these individuals made to the students and the institution. In addition, we suggest planning virtual individual or group meetings based on the scale of departures and the numbers of students affected. At these meetings, students can share their thoughts and feelings about the changes, and Student Services can talk about how the institution is planning to facilitate faculty and staff transitions as they affect students.

8. Communicate significant changes in workforce plans with the community

Institutions of higher education are often the physical hub of the local community, and local businesses rely almost entirely on professors, staff, and students. The evacuation of campuses in the spring of 2020 led to huge losses of revenue and jobs for local businesses on campuses across the country. We recommend communicating—via press release to local media or through town council meetings—plans for bringing students back to campus and estimates of how many students, faculty, and staff will be on campus at different points through the 2020/21 academic year. Thoughtful communication will make it easier for local businesses to plan for the future of their campus-dependent business and can go a long way to protect and build the institution’s reputation locally.

Impact on institutional reputation

If workforce transitions are not conducted with sensitivity, there can be ramifications for the institution’s reputation. In a landmark study, Geoffrey Love and Matthew Krantz of the University of Illinois at Urbana-Champaign¹¹ found that organizations that laid off employees saw a decline in their ranking on *Fortune*’s list of most admired companies. Layoffs are not typical at institutions of higher education, and criteria for institutional “ranking”¹²—a synonym for reputation—generally include research excellence, student programs, admission selectivity, and student success. Campus climate, however, was identified as one of the top three reputational risks in a 2017 United Educators Reputational Risk Survey completed by leaders at 145 academic institutions. Campus climate in this survey referred to “diversity and inclusion” and the “controversy of speakers.” This was before COVID-19, and the Black Lives Matter movement. We can anticipate that how well a university manages strategic and talent shifts will affect its campus climate and reputation with current and future constituencies.

When it comes to workforce transitions, a clear philosophy, fair process, generous programs, and sensitive change management will provide a humane foundation for change, help minimize the dip in faculty and staff engagement, and ultimately strengthen the institution’s reputation with its diverse stakeholders.



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ENDNOTES

- ¹ This paper develops ideas presented in the following publication: Philip, Radhika. "The Paradox of Layoffs", Forbes.com, July 23, 2020
- ² Bauman, Dan. "We're Tracking Employees Furloughed or Laid Off from Colleges", The Chronicle of Higher Education, May 13, 2020 (last updated May 26, 2020)
- ³ Magnus Sverke, Hellgren Johnny Hellgren, and Naswall Katharina. "No Security: A Meta-Analysis and Review of Job Insecurity and Its Consequences", Journal of Occupational Health Psychology, 2002, Vol. 7
- ⁴ Sucher, Sandra, and Gupta, Shelene. "Layoffs That Don't Break Your Company", Harvard Business Review, May-June 2018
- ⁵ Gulati, Ranjay, Nitin Nohria and Frank Wohlgezogen. "Roaring Out of Recession", Harvard Business Review, pp 62-69, March, 2010
- ⁶ Brockner, Joel. "Why It is so Hard to Be Fair", Harvard Business Review, March 2006
- ⁷ Kelderman, Eric. "Major Cost-Cutting Begins in Response to Covid-19, with Faculty and Staff Furloughs and Pay Cuts", The Chronicle of Higher Education, April 18, 2020
- ⁸ Contingent faculty can include adjuncts, non-tenure track faculty, part-time faculty, lecturers, instructors, and clinical faculty.
- ⁹ Petit, Emma. "Faculty Cuts Begin with Warnings of More to Come", The Chronicle of Higher Education, May 18, 2020
- ¹⁰ Dutton Jane, Frost Peter et al. "Leading in Times of Trauma", Harvard Business Review, January 2006
- ¹¹ Love, Geoffrey, and Krantz, Matthew. "Character, Conformity or the Bottom Line – How and Why Downsizing Affected Corporate Reputation", Academy of Management Journal, Volume 52, No.2, April, 2009
- ¹² There are numerous published rankings. Each list uses a different set of criteria, indicating a lack of consensus in the field. Frequently cited rankings include: Forbes College Rankings, Money's Best Colleges, The Princeton Review Dream Colleges, US News and World Report Best College Ranking, The Wall Street Journal/Times Higher Education College Ranking, are popular among the scores of published rankings.