Human Resources Perspectives on Downsizing
in Higher Education

---CUPA-HR Economic Issues Task Force---

A CUPA-HR Set of Working Documents on Issues and Strategies

The current economic crisis will require that our institutions make difficult decisions that in all likelihood will have an adverse impact on the employees in our workforces. The decline in budgets to support current operations means that cuts in services and programs as well as possible reductions in force will be required. This growing realization that a budget reduction is needed raises anxiety among employees, adversely affecting their morale and productivity, and for a number of employees unfortunately can mean the devastating loss of a job. A workforce that is “distracted” - by concerns about the possibility of downsizing - from its principal activities can lead to a discernible decline in the quality of the institution’s programs and services.

Handling the adverse impact resulting from these economic difficulties, however, is not beyond our control. Our institutions, by choosing to respond in ways that indicate support for our people and that recognize that their talent, energy, and commitment are critical to helping our institutions through this fiscal crisis (and other crises), will position higher education to play an even more effective role in the future.

Times of great challenge can call forth our best efforts and qualities. As our institutions undergo change, Human Resources will be called upon to provide services and support to our leaders and colleagues within our institutions. CUPA-HR provides this set of working documents with the view that the material will prompt HR professionals and their institutions to consider a variety of approaches, and take steps and actions that will reflect what we are – a community of people who share common goals and aspirations - a community called higher education.
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Principles – Human Resources and the Workforce

As the workforce – faculty, staff, managers, supervisors and administrators - is the key component to the services of our institutions, consider the following principles in a time of downsizing:

1. Communicate Frequently to Fully Engage the Workforce: Help direct their energy and skills to continuing to provide services in achieving institutional mission and goals. Use a combination of web and email along with HR Consulting Services. Face-to-face meetings are particularly effective and build trust.

2. Utilize a Partnership Strategy Model: Treat people fairly, recognize their need to feel valued. Communicate honestly and directly with your employees. In a partnership culture, employees and management collaborate to resolve issues, recognizing that doing so will diminish the adverse impact on productivity and morale.

3. Recognize that Talent Development and Retention Is a Top Institutional Priority: To ensure talent retention and build institutional bench strength through changing economic cycles, encourage training and new opportunities. Encourage all supervisors and managers that talent development will increase workforce effectiveness and work unit accomplishments.

4. Redesign Jobs/Work Processes for Optimal Efficiency and Productivity: Provide the tools and opportunities to meet new challenges, redesign jobs and work processes, and reconfigure assignments as desired or needed.

5. To the Extent Possible, Minimize Adverse Economic Impact on Employees: As an alternative to layoffs, consider and if feasible utilize interim solutions that will quickly cut operating costs and improve the bottom line. The goal is to cut costs without demoralizing or losing talent. One-third of U.S. companies do not have a workforce contingency plan in place, according to a recent survey by Watson Wyatt Worldwide. Of companies with contingency plans, more than half say those plans center around layoffs. Nearly another half indicate their plan is to restructure. Among those alternatives:

   a. Shorter hours
   b. Reduced workweeks
   c. Furloughs
   d. Pay cuts
6. Make Workforce Decisions in Ways that Continue Progress on Institutional Goals: Recognize that loss of talent will have an adverse impact on the strategic plan and operational priorities. Do we know who and what activities/processes creates value in the organization? Make explicit the HR role in moving forward on Institutional Effectiveness.

7. Be Mindful of Legal Issues: ADEA, Adverse Impact. Failure to address these legal matters in ways that are perceived as fair and impartial by the workforce can undermine trust and confidence in how decisions are being made as well as lead lawsuits.
CUPA-HR Resources for HR Professionals

1. Policies – available in the Knowledge Center
   - Furlough
   - Severance
   - Layoff

2. Layoff FAQ’s - University of California – Davis

3. Articles/materials
   - The Emotional Impact of Layoffs and Non-Renewal – University of Minnesota Crookston
   - "Their Budgets Slashed, Public Colleges Share in Their Applicants' Economic Pain" - Chronicle of Higher Education
   - “Quick Fix” – Inside Higher Ed
   - You Can Get There from Here: The Road to Downsizing in Higher Education – Barb Butterfield (available through libraries)
   - Tough Times Strain Colleges Rich and Poor – New York Times
   - Postponing Retirement: Chief Concern and Growing Employee Reality – International Foundation for Employee Benefit Plans
   - Managing a Multi-Generational Workforce - Articles
   - From Both Sides Now Organizational Downsizing: What Is the Role of the Practitioner (scroll slightly past half-way through the article) – “The preferred role of the HR
professional is to facilitate, maybe even adopt ownership of, the accomplishment of the following 30 prescriptions for effective downsizing...."

- **Downsizing: A Practical Application** – Daniel J. Monistere, Southeastern Louisiana University

  (more will be added)
Communication

General: Create/update your HR website with your institution's information, HR policies and contacts, EAP information and contacts, president/chancellor memorandum or letter, NACUBO document, articles/links.

Hold General Information Sessions

Purpose: Inform the workforce; stress importance of getting through the downsizing with minimal disruption to workforce morale and the services provided by the institution; clear messages about core values; delineation of the problem, lay out resources (HR Consulting Services, EAP) and possible choices for individual employees.

Also acknowledge the impact on employee morale. Be humane; we face difficult decisions and hopefully institutional HR policies will help get us through this difficult time.

To provide HR and workforce information – policies – furlough, severance, layoff

Raise awareness of need for a plan: steps/strategies to take to move forward

Provide background information (NACUBO document) on the impact of the financial downturn on higher education.

Provide information on your institutional decisions and/or presidential/board announcement.

Ask a question and ask audience to comment (optional): What will we be like when we get through this downsizing?

Explain HR policies - including layoff policy, severance policy, furlough policy, impact of temporary/permanent job duty changes.

Presentation on the impact on employee morale. May also have an EAP member make a presentation as well. Provide the University of Minnesota Crookstone EAP link - The Emotional Impact of Layoffs and Non-Renewal

http://hr.umcrookston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf
Provide information on the location of the HR website.

Do a summary: reiterate institutional aspirations; essential message: whatever we do, we want to come out of this ("we'll survive") better.
Utilize HR Consulting Staff and Meet with Employees by Work Unit

To the extent possible, hold face-to-face meetings with employees in their work units. This will help determine what concerns your managers and your workforce have and you can directly provide resources and support that will help them cope with the immediate problem, how to survive and continue.

Prepare a Briefing Manual for the HR Consulting Services Representative and a summary sheet for employees and supervisors.

Purpose: Share information; stress importance of getting through the downsizing with minimal disruption to workforce morale and the services provided by the institution; acknowledge the impact on employee morale. Be humane; we face difficult decisions and hopefully institutional HR policies will help get us through this difficult time.

Agenda

1. To provide HR and workforce information

2. To get through the downsizing with minimal disruption to workforce morale and the services provided by the institution

3. Raise awareness of need for a plan: steps/strategies to take to move forward

Ask a question and ask each person to comment (optional): What will we be like when we get through this downsizing?

NACUBO document

Institutional statement

Share information: PowerPoint presentation

HR policies

EAP information

Impact on employee morale article
Support your colleagues. An article to read: The Emotional Impact of Layoffs and Non-Renewal
http://hr.umcrockston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf

Provide information on the location of the HR website.

Close with a question and ask each person to comment (optional): What will you do when you get back to your work unit/office? What can HR provide you?

Do a summary: reiterate institutional aspirations; essential message: whatever we do, we want to come out of this ("we'll survive") better.
HR Working with Managers and Supervisors

Managers and supervisors are critical leaders in the workplace. It is essential that they be provided with information on possible personnel actions. Additionally, they will often be the first to learn about and/or experience adverse impact from possible reductions in force. They will also play the crucial role in working with employees and notifying them about decisions that may affect an individual or group of individuals. Finally they will play a critical role in reorganizing work and supporting their employees after reduction in force actions have been taken.

Provide packets of information or a list of the information available on an HR website. While these materials may be available already on your HR website, it is recommended that a special web page or link be established. Placing this information in a single readily-accessible location has the advantage of ease-of-use and assuring that a critical piece of information may not be overlooked.

30 minutes

Introduction – Purpose of the meeting - Stress importance of getting through the downsizing with minimal disruption to workforce morale and the services provided by the institution. Be humane; we face difficult decisions and hopefully institutional HR policies will help get us through this difficult time.

Agenda

1. To provide HR and workforce information
2. To get through the downsizing with minimal disruption to workforce morale and the services provided by the institution
3. Raise awareness of need for a plan: steps/strategies to take to move forward

Ask a question and ask each person to comment (optional): What will we be like when we get through this downsizing?

Provide/discuss information that describes the situation:

NACUBO document
Institutional statement

Support your colleagues. An article: The Emotional Impact of Layoffs and Non-Renewal - [http://hr.umcrookston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf](http://hr.umcrookston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf)

Share information: PowerPoint presentation

Discussion of HR policies

EAP information

Articles

Collaborate with HR Consultants to arrange meeting(s) with workforce of the division, school or college

Articles for supervisors and managers on their role in supporting their employees, etc.

- [Downsizing: A Practical Application](http://hr.umcrookston.edu/Documents/Downsizing%20A%20Practical%20Application.pdf) – Daniel J. Monistere, Southeastern Louisiana University

- [Downsizing with Dignity](http://hr.umcrookston.edu/Documents/Downsizing%20with%20Dignity.pdf)

Provide information on the location of the HR website.

Close with a question and ask each person to comment (optional): What will you do when you get back to your work unit/office? What can HR provide you?

Do a summary: reiterate institutional aspirations; essential message: whatever we do, we want to come out of this ("we'll survive") better.
Presentations to the Academic Deans, Department Chairs, and Heads of Principal Business Affairs/Student Services Units

These individuals are the most visible campus executives for the workforce of their division or school/college workforce. It is essential to provide them with HR and workforce information and materials that they may utilize in communicating with their employees as well as in making their decisions.

30 minutes

Introduction – Purpose of the meeting. Stress importance of getting through the downsizing with minimal disruption to workforce morale and the services provided by the institution. Be humane; we face difficult decisions and hopefully institutional HR policies will help get us through this difficult time.

Agenda

1. To provide HR and workforce information
2. To get through the downsizing with minimal disruption to workforce morale and the services provided by the institution
3. Raise awareness of need for a plan: steps/strategies to take to move forward

Ask a question and ask each person to comment (optional): What will we be like when we get through this downsizing?

Provide/discuss information that describes the situation:

   NACUBO document

   Institutional statement

Share information: PowerPoint presentation

Discussion of HR policies
EAP information - Support your colleagues. An article to read: The Emotional Impact of Layoffs and Non-Renewal
http://hr.umcrocokston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf

Collaborate with HR Consultants to arrange meeting(s) with workforce of the division, school or college

Articles for these administrators to read:


- Steady Legs on Shaky Ground: Staying Up During Downsizing – Executive Update – ASAE

Provide information on the location of the HR website.

Close with a question and ask each person to comment (optional): What will you do when you get back to your work unit/office? What can HR provide you?

Do a summary: reiterate institutional aspirations; essential message - whatever we do, we want to come out of this ("we'll survive") better.
Conduct an Executive Briefing for Campus Leadership

To be conducted by CHRO

30 minutes

Introduction – Purpose of the meeting. Stress importance of getting through the downsizing with minimal disruption to workforce morale and the services provided by the institution. Be humane; we face difficult decisions and hopefully institutional HR policies will help get us through this difficult time.

Briefly comment on NACUBO document and institutional statement to acknowledge financial issues and the challenge of downsizing the institution.

Agenda

Three purposes of getting together:

1. To provide HR and workforce information
2. To get through the downsizing with minimal disruption to workforce morale and the services provided by the institution
3. Raise awareness of need for a plan: steps/strategies to take to move forward

Ask a question and ask each person to comment: What will we be like when we get through this downsizing?

Share information: Impact and issues on workforce of downsizing (10 minute PowerPoint presentation)

Data: Impact on workforce of downsizing - 56% (1993 Watson Wyatt study) adverse effect on morale; 80% (AMA study 1994) of companies reported morale declined

Principles:

Workforce expectations on communications – to be kept informed, but the message behind the message. Possible executive briefing notebook?
Discussion of HR policies

EAP information - Support your colleagues. An article: The Emotional Impact of Layoffs and Non-Renewal -
http://hr.umcrookston.edu/Documents/Emotional%20Impact%20of%20Layoffs.pdf

CHRO – available 24/7 – give home phone number, cell number

Provide two or three brief articles to read – particularly on their role.

- Keeping Your Headcount When All about You Are Losing Theirs: Downsizing, Voluntary Turnover Rates, and the Moderating Role of HR Practices -
  http://research3.bus.wisc.edu/file.php/151/conditional_final_with_edits.doc

- A Downsizing Spiral – HR Executive Online -
  http://www.hreonline.com/HRE/story.jsp?storyId=69922343&query=right%20management

- Steady Legs on Shaky Ground: Staying Up During Downsizing – Executive Update –
  ASAE

Provide information on the location of the HR website.

Close with a question and ask each person to comment (optional): What will you do when you get back to your work unit/office? What can HR provide you

Do a summary: reiterate institutional aspirations; essential message: Whatever we do, we want to come out of this ("we'll survive") better.
Strategies after Downsizing
Shape the Organization for Continuity

All organizations go through phases and higher education is no exception. Since the end of World War II, there has been uninterrupted expansion, growth and development in higher education. Certainly higher education has now emerged as an essential foundation in the greater society. However, as the current economic downturn has demonstrated, events can occur that will require higher education to retrench. Yet it is important to respond to these changes in a manner that will allow our institutions to continue to their education missions.

Develop an organization that is consistent with the vision, culture and core values.

Provide/redesign/consolidate processes and structures to achieve strategic goals and operational priorities.

Develop strategies to adapt to changing outside influence from economic, technical, financial, and political environments. Keep stakeholders and constituents informed.

Set forth the role of the campus leadership, supervisors/managers, training and development.

Monitor workforce attitudes – look at turnover statistics and employee satisfaction.

Set up an explicit, targeted training program for supervisors, managers, and employees – for new/changed duties, to acquire new skills/knowledge, and to learn new/modified processes or procedures.
Appendix: Readings – Articles - Notes


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<td>1. Connection Between Work and Organizational Strategy</td>
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<td>2. Importance of Job to Organizational Success</td>
<td>20.2</td>
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<td>3. Understanding of How to Complete Work Projects</td>
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<td>4. Internal Communication</td>
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<td>5. Demonstrates Strong Commitment to Diversity</td>
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<td>6. Demonstrates Honesty and Integrity</td>
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<td>7. Reputation of Integrity</td>
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<td>8. Adapts to Changing Circumstances</td>
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<td>9. Clearly Articulates Organizational Goals</td>
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<td>10. Possesses Job Skills</td>
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<td>11. Sets Realistic Performance Expectations</td>
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<td>12. Puts the Right People in the Right Roles at the Right Time</td>
<td>16.9</td>
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<td>13. Helps Find Solutions to Problems</td>
<td>16.9</td>
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<td>14. Breaks Down Projects into Manageable Components</td>
<td>16.7</td>
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<td>15. Accepts Responsibility for Successes and Failures</td>
<td>16.6</td>
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<td>16. Encourages and Manages Innovation</td>
<td>16.5</td>
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<td>17. Accurately Evaluates Employee Potential</td>
<td>16.5</td>
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<td>18. Respects Employees as Individuals</td>
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<td>19. Demonstrates Passion to Succeed</td>
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<td>20. Cares About Employees</td>
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<td>21. Has a Good Reputation Within the Organization</td>
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<tr>
<td>22. Innovation</td>
<td>26.0</td>
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<td>23. Is Open to New Ideas</td>
<td>25.9</td>
<td>M</td>
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<td>24. Defends Direct Reports</td>
<td>25.0</td>
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<td>25. Analytical Thinking</td>
<td>25.7</td>
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D – Day-to-Day Work Characteristics (3)

M – Manager Characteristics (19)

O – Organizational Culture and Performance Traits (3)
2. **Inspiring Employee Engagement** – HR Executive Online


4. **From Both Sides Now Organizational Downsizing: What Is the Role of the Practitioner** - Allan H. Church

The preferred role of the HR professional is to facilitate, maybe even adopt ownership of, the accomplishment of the following 30 prescriptions for effective downsizing. These prescriptives have emerged from my own research over the last six or seven years and have been published. HR professionals must orient and coach the CEO and the top management team to adopt these perspectives. They are all compatible with the HR professional's espoused values.

**Approach**

1. Approach downsizing as a long-term strategy and a way of life rather than as a single program or target to be completed and abandoned.

2. Approach downsizing as an opportunity for improvement rather than as merely a reaction to a threat or crisis.

3. Approach the human resources in the organization as assets rather than as liabilities, and plan to invest in their development and ideas.

**Involvement**

4. Involve employees in identifying what needs to change through downsizing and in implementing those changes rather than driving downsizing from the top down.

5. Hold everyone accountable for downsizing goals rather than treating it as only top management's responsibility.

6. Involve customers and suppliers in designing and suggesting improvements in downsizing strategies rather than focusing entirely internally.
Leadership

7. Ensure that the leader(s) is visible, accessible, and interacting freely with those affected by the downsizing instead of succumbing to the temptation to avoid confrontation, pain, and discomfort associated with managing downsizing.

8. Associate downsizing with a clearly articulated vision of a desired future for the organization, not merely as an escape from the past.

9. Project positive energy and initiative from the leader(s) in order to motivate the workforce in a downsizing organization instead of adopting a defensive or paranoid perspective.

Communication

10. Ensure that everyone is fully informed of the purposes of downsizing, the strategies to be pursued, the costs involved, the time frame, and so on, rather than revealing only "need to know" information and keeping sensitive information at the top.

11. Overcommunicate as the downsizing process unfolds so that information is provided frequently, consistently, and honestly to all employees on the progress and processes in downsizing rather than reporting only decisions and results or allowing rumors and ambiguity to flourish.

12. Generate on-going analyses and feedback from participants in the downsizing process rather than completing the process before an evaluation is done.

Preparation

13. Prepare for the downsizing before it is mandated or crucial for survival rather than waiting until time for advanced analysis is gone and a "ready- fire-aim" approach is required.

14. Identify the future mission of the organization, its core competencies, and an organizational structure that will most effectively accomplish the mission
via the core competencies as the way to develop downsizing strategies, as opposed to formulating strategy based merely on headcount targets.

15. Establish targets, deadlines, and objectives for downsizing independent of the mandated downsizing goals from parent organizations in order to prepare the organization to view downsizing as an improvement strategy rather than as the cause of a loss of discretion.

Support

16. Provide equal attention to and support for those who stay in the organization and those who leave the organization rather than focusing all benefits on leavers.

17. Provide safety nets (adequate lead time, financial benefits, counseling, retraining, outplacement services, etc.) for those who leave the organization in order to smooth the transition to another position, rather than letting people go without the required severance pay and advanced notice.

18. Provide training, cross-training, and retraining in advance of downsizing in order to help individuals adapt to downsizing rather than relying merely on post hoc on-the-job training.

Cost Cutting

19. Institute a variety of cost-cutting activities (such as restricting overtime, providing leave without pay, eliminating redundancies) rather than limiting downsizing to headcount reductions.

20. Focus on attacking sources of fat in the organization that often go unnoticed and unmeasured, such as data fat (excess information), procedure fat (excess meetings), time fat (excess response time), and launch fat (excess new programs) rather than on cutting only the noticeable and measured features of the organization.

21. Map and analyze all processes in the organization to eliminate inefficiencies, redundancies, non-value-added steps and resources, and to redesign work, rather than assuming that old processes must be maintained.
Measurement

22. Measure speed and time use in the organization, not merely headcount, in looking for ways to downsize.

23. Develop specific measures of all activities and processes that directly relate to the key products and services provided by the organization in order to determine how improvements can be made, rather than measuring only outputs.

24. Assess the skills, experience, and relevant attributes of all human resources to help improve decision making regarding personnel and assignments when downsizing and restructuring occur.

Implementation

25. Implement a broad array of downsizing strategies, including redesign strategies and systemic strategies (e.g., culture change), instead of relying narrowly on headcount reduction strategies.

26. Administer downsizing equitably and fairly by ensuring that adverse impacts are not experienced unevenly by unempowered people (e.g., minorities, certain age groups) rather than implementing strategies based on power.

27. Provide opportunities for personal growth and development for individuals in the midst of downsizing rather than ignoring everything except profits and the financial bottom line.

28. Form cross-level and cross-functional teams to plan and implement downsizing with no required hand-offs, rather than implementing downsizing using only a chain of command.

29. Change the appraisal, reward, selection, development, and communication systems to reflect the new goals and objectives of the downsized organization rather than keeping those systems that reflect the old, larger organizational form.
30. Implement downsizing by beginning with small wins--i.e., changing things that can be changed quickly and easily--that, when celebrated, create inertia toward desired results rather than attacking downsizing as a large, complex, indivisible task."

5. **Network Destruction: The Structural Implications of Downsizing** – American Academy of Management (summary)