

Higher Education

UNDER THE SPOTLIGHT



Deloitte.

From Great Resignation
to Great Reimagination

Sector overview and 2022 outlook

The upheaval of the last two years opened the eyes of countless faculty and staff to other possibilities and opportunities around their work and workplace

Higher education is a sector rooted in tradition. Organizational structures and roles have remained largely static, and the work has taken place almost exclusively on physical campuses. Even as remote education became commonplace, most of the labor making those experiences possible happened during standard workdays in campus offices.

Few people questioned this model because there was little reason to imagine a different set of circumstances, and the sophistication of remote team collaboration tools was not yet compelling. Further, people who work in higher education historically tend to have an affinity for the purpose of the institution, which centers on interacting with students, and the attraction of campus life.

Given such a history, the immediate shift to online learning and operations in 2020 demonstrated a previously unrealized capacity for higher education to evolve purposefully and respond to profound environmental pressures.

The upheaval of the last two years, accompanied by a widespread recognition that collaborative tools to effectively perform remote work had matured, opened the eyes of countless faculty and staff to other possibilities and opportunities around their work and workplace. Those employees have expressed a preference for a hybrid work environment, yet campuses are trying to return to the prior normal where an in-person community could thrive once again.

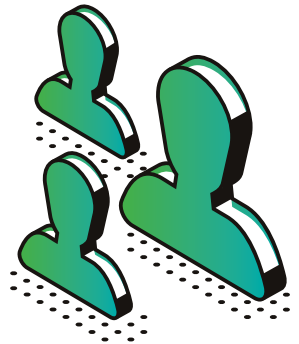


Additionally, competitive compensation outside of higher education and a lean labor market have created the conditions for industry flight from institutions that historically held coveted positions and filled offices with mission-driven employees eager to serve students.

Competitive compensation outside of higher education and a lean labor market have created the conditions for industry flight.

The underlying drivers of that shift began well before the pandemic. Among those pre-pandemic drivers were a sector experiencing demographic shifts in its customer base given declining numbers of high school graduates, rising costs of doing business, and a customer that could not keep up with the pace of tuition hikes.

Stopgap solutions turned into long-term strategies; for over a decade, consolidating low- and mid-level staff positions, freezing new hires and raises, reducing retirement plan contributions, and raising healthcare costs borne by employees have become common cost-cutting strategies. Amid already turbulent dynamics, the service burden on these employees crossed a threshold of unsustainability during the pandemic and has resulted in escalating – and increasingly often, permanent – departures.



Current labor situation

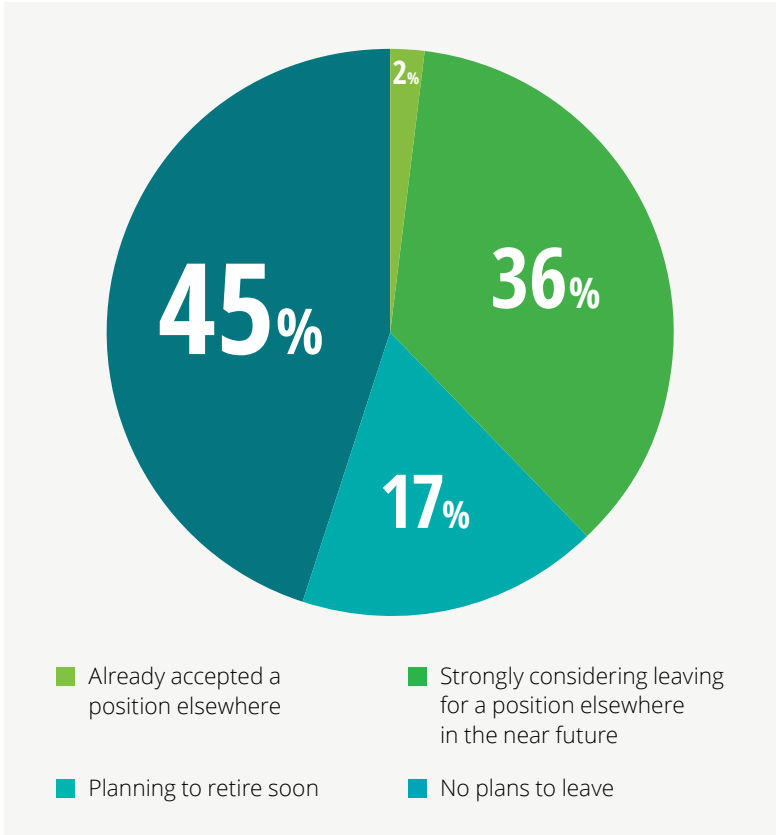
Experimentation in flexible and remote work arrangements have pushed many industries, including higher education, to evolve and innovate.

As chaotic as the height of the pandemic was, it forced an experiment in flexible and remote work arrangements that pushed many industries to evolve and innovate, using the lessons to improve their management practices and attract and retain valuable talent.

43% of HR and IT staff are “somewhat” to “very likely” seeking employment outside of higher education this year.¹

In contrast, higher education has been slower to come around, largely pining for a return to “normal²” that is not only unlikely to ever arrive, but harkens back to inefficiencies centered on tradition rather than the needs of its evolving customers. That traditional model is unable to attract and retain the talent that it needs to survive and thrive.

CUPA-HR reports that nearly half of the people who work in higher education are considering looking for employment elsewhere in 2022³, and they cite the misalignment between their current work arrangements and their preferred work arrangements as a driving factor. EDUCAUSE found about the same proportion of employees are eyeing the door, and respondents in their study cited “poor leadership” and “need more income” as leading factors⁴.



Like any sector, higher education is subject to talent churn. It is commonly accepted that people looking for new opportunities often need to move to different institutions for more responsibility, opportunity, and income.

The above studies, however, indicate many of the people considering departure are not planning to look for work at other colleges or universities; they are looking for ways to take their valuable and marketable talents away from higher education altogether.

Drivers of staffing challenges

There are three big reasons why college and university talent pools are draining:

#1 CHALLENGING WORK CONDITIONS

While the declining mental health of college students predates the pandemic⁵ and has been widely documented for several years, the effect of pervasive stress on faculty and staff mental health has been less prominently reported⁶.

Leaner staff models and reliance on part-time faculty have left the heavy burden of student engagement to a smaller workforce who cannot sustain the time and energy needed to effectively meet students' needs.

Student affairs staff have regularly been asked to deliver institution-wide public health strategies during the pandemic in addition to supporting a fragile student community⁷ while faculty answer the demands to pivot to online/hybrid education. These collective working conditions have pushed people past their limits and for many, even as the pandemic wanes, things have not improved.

Collective working conditions have pushed people past their limits and for many, things have not improved.

#2 RIGID WORK STRUCTURES

The fact that work productivity often held steady or even improved in hybrid conditions—and that most people prefer having some remote or hybrid element to their work structure—does not seem to be changing the will of many higher education administrators to redesign their workplaces.



Higher education employees generally want more flexibility than their employers are accommodating. Knowing there are multiple ways to get their jobs done and frustrated at their lack of a voice in pursuing what is best for them, many people are looking for new opportunities that align with their preferences.

Higher education employees generally want more flexibility than their employers are accommodating.

#3 COMPENSATION AND VALUATION

Higher education is traditionally a career path of modest earnings, but even given that assumption the sector has not kept up. Faculty have seen just 9.5% in total compensation increase (inflation-adjusted) over the past 50 years at private institutions, and 3.1% at public institutions⁸.

Staff compensation has likewise failed to match inflation⁹, effectively cutting pay year over year.

When they discover better-paying positions at other mission-driven organizations that make good use of their skills, staff and, to a lesser extent, faculty jump at those chances. Further, as president- and cabinet-level salaries tend to rise much faster than others¹⁰, faculty and staff develop resentment around the obvious disparity. Despite any messaging to the contrary, employees feel devalued in light of these compensation trends.







Implications for institutions

IN THE SHORT-TERM: TALENT GAPS PUT PRESSURE ON THOSE WHO REMAIN

The implications of these dynamics are, of course, staggering. Candidate pools are getting shallower and the average time to fill positions has grown 50% since late 2018¹¹—a trend that well predates the pandemic.

When duties go unfilled or positions are permanently consolidated, they transfer workloads to other staff who have only so much time and are rarely additionally compensated for those tasks. These conditions result in a quick erosion of loyalty and enthusiasm as employees begin to feel exploited and overworked.

While a leaner workforce may be necessary, higher education institutions need to also invest in long-term efficiencies through process enhancements and technology to enable that leaner workforce to function optimally, and potentially remotely, and drive-up productivity while preventing burnout.

SERVICE TO STUDENTS SUFFERS

Deepening dissatisfaction leads to a decline in quality of work, and ultimately less effective institutional effort to satisfy its mission. Exhausted faculty¹² and student services staff¹³ are bound to provide diminished assistance to institutions' most critical stakeholders.

As student perception goes, so goes the reputation of the institution. Without an enthusiastic and engaged workforce invested in delivering instruction and support, institutions are hard-pressed to create the superlative student experience they have promised.

Institutions need to pay attention to the student experience, gather and share qualitative data at the highest levels of the institution on student perceptions, and invest in areas that are critical to student experience. Daily interactions with business services and student support services can often bolster the student experience and engender a loyal customer that eventually becomes a strong advocate and alum.

IN THE LONG-TERM: DIMINISHED CAPACITY TO EVOLVE

At its best, higher education creates and enacts plans to evolve. It assesses learning and effectiveness and applies what it learns to improve services, coursework, and academic strategy.

Without the people in place to think and act strategically, perform those assessments, interpret the data, and implement changes, progress tends to stall. Plans to grow the institution in terms of numbers, reputation, and/or mission can become background noise to a labor force working at capacity to sustain daily operations.

SPIRALING ENROLLMENT

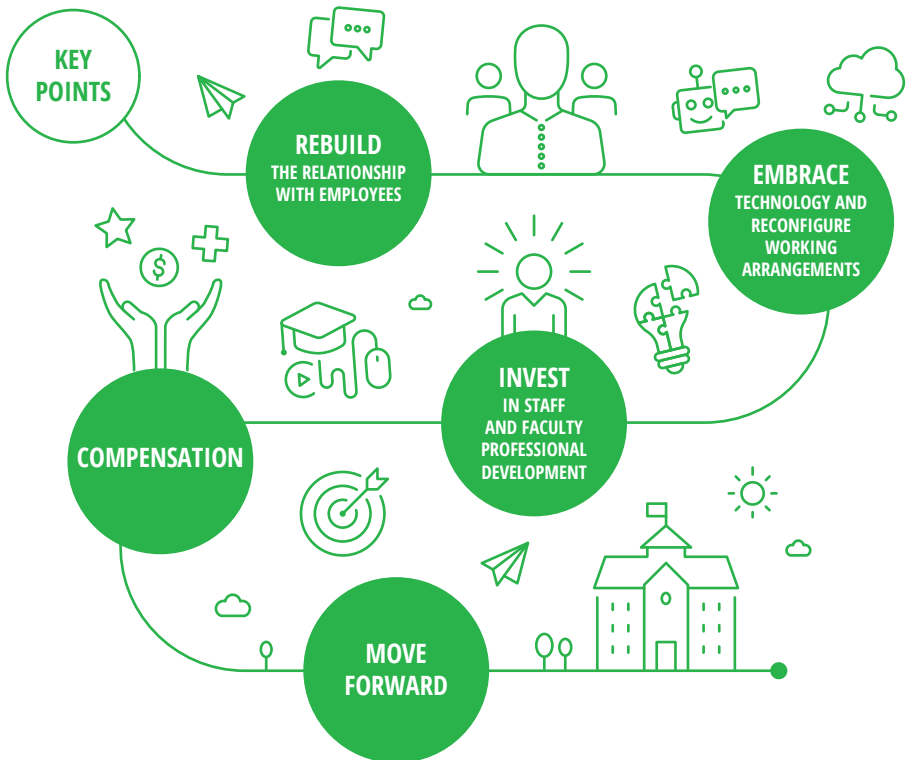
Of course, most institutions are dependent on adequate enrollment for the revenues they need for solvency and all but the top institutions have been fighting depleting yield rates for years. Diminished operational capacity reduces the quality of the student experience and the erosion of that experience creates drag on future enrollment efforts and threatens revenue streams.

This is the vicious cycle that many higher education administrators see but have struggled to reverse, and no amount of marketing alone will solve these structural issues.



It's time to take action

There are indeed substantive measures higher education leaders can take to address these challenges, heal wounded morale, and reverse the talent drain. In the end, higher education is a uniquely aligned sector: From the lowest to highest paid, most everyone is there to serve students.



It is leadership's responsibility to ensure that the resources, tools, processes, and talent are adequate to the task. There are four key actions to keep top of mind:

**#1
REBUILD THE
RELATIONSHIP
WITH EMPLOYEES**

First and foremost, leaders must reconsider their relationship with employees at all levels of the organization. This involves creating and maintaining productive channels for staff and faculty to express their needs and be responsive to those requests with efforts to facilitate change and communicate rationale for unmet requests. Just as colleges and universities meet students where they are, creating priority space for proactive employee engagement strengthens institutional affinity across the community.

**#2
EMBRACE
TECHNOLOGY
AND RECONFIGURE
WORKING
ARRANGEMENTS**

In a reimagined hybrid workplace, the best of in-person connections and efficient remote work could be realized. In an age of high-touch, high-tech work, more students might be served through remote service provision on both the academic support and business services side of the house.

In a realigned workforce, collaborative cross-functional teams are encouraged to innovate with adequate resources to improve process efficiencies and leverage technology to capture and share data. Modern but under-implemented considerations, such as integration of AI-driven chatbots or designing unique advising models that leverage remote and group efficiencies, may be exciting opportunities for staff to implement and more effective for students.

#3 INVEST IN STAFF AND FACULTY PROFESSIONAL DEVELOPMENT

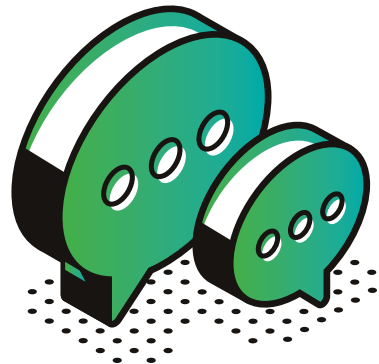
Recovering from this talent deficiency requires significant reinvestment. Backfilling positions does not bridge the gap completely; what is lost with departed employees is valuable institutional memory and the competencies needed to properly leverage it. Professional development efforts for new staff do not have the same multiplicative effect as they do for those who already understand the work and institution. A concerted effort to integrate professional development and progressive employment pathways for staff in particular may be a meaningful retention strategy for prized talent.

Strengthening human capital also requires reconsideration of roles and organizational structures. Line-level staff and faculty have their fingers firmly on the pulse of student habits and needs; leveraging those insights can help leadership make more informed decisions that unite its workforce in pursuit of shared goals while strengthening trust and engagement with staff and faculty.

Finally, the challenges employees have with leadership, which were cited as a dominant factor in seeking employment elsewhere, often result from inadequate or poorly-trained management. Managers in higher education are rarely formally prepared to supervise.

Institutions can mitigate this gap by creating or investing in professional developmental experiences to prepare managers as supportive and effective leaders.

This has the dual benefits of creating a better employment experience for those managers' teams while building internal pathways to advancement with clear criteria, giving people a sense of how they can commit to the institution while planning progressive careers.



#4 COMPENSATION

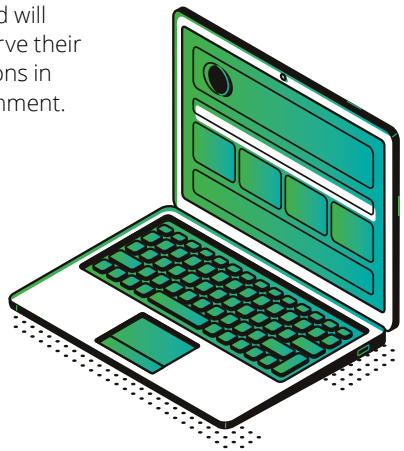
At the top of almost any list of reasons for leaving higher education is inadequate compensation; employees are growing wise to the fact that they are simply working harder than ever for less than competitive pay. Institutions must reconsider their business models, gain efficiencies by leveraging a high-tech operational and delivery model, realize cost savings with the reduced space demands of a hybrid workforce, and double down on fundraising.

Higher education can then reinvest in its human capital by reinstituting substantive raises, covering a greater proportion of employee health care costs, and re-establishing attractive retirement benefits.

#5 MOVE FORWARD

Leaders in higher education face no shortage of challenges; some obstacles have appeared suddenly in the last couple of years and others have been growing for decades. Those leaders can capitalize on the lessons and expanded capabilities hard won through the pandemic and evolve their institutions in exciting new ways.

In doing so, they will recommit to creating a desirable workplace for thousands of capable professionals and educators and re-energize their workforce. Those colleges and universities who boldly reconsider their operating and delivery models and reinvest in their human capital will emerge as industry leaders and will ultimately better serve their students and missions in this evolving environment.



READY TO REIMAGINE WHAT'S NEXT?

- ¹ College and University Professional Association for Human Resources, "[Providing remote work opportunities will aid your retention efforts](#)," November 2021.
- ² Times Higher Education, "[Returning to 'normal' is really a return to ignorance](#)," June 20, 2021.
- ³ College and University Professional Association for Human Resources, "[Providing remote work opportunities will aid your retention efforts](#)," November 2021.
- ⁴ EDUCAUSE Review, "[EDUCAUSE QuickPoll Results: The Workforce Shakeup](#)," March 4, 2022.
- ⁵ Deloitte Insights, "[College students' mental health and well-being: Lessons from the front lines of COVID-19](#)," August 6, 2021.
- ⁶ Inside Higher Ed, "[Faculty Pandemic Stress Is Now Chronic](#)," November 19, 2020.
- ⁷ NASPA, "[The Compass Report: Charting the Future of Student Affairs](#)," accessed 2022.
- ⁸ University Business, "[College faculty salaries show slim gains over 50 years](#)," January 28, 2021.
- ⁹ College and University Professional Association for Human Resources, "[Long term higher ed data trends](#)," accessed 2022.
- ¹⁰ Business Insider, "[The highest paid US college and university presidents, 2019](#)," accessed 2022.
- ¹¹ LinkUp; Data Analysis: Deloitte
- ¹² Connect Chronicle, "[Faculty Career Paths Fidelity Research Brief](#)," accessed 2022.
- ¹³ The Chronicle of Higher Education, "[They're Called #TeamNoSleep](#)," January 13, 2021.

CONTACTS



ROY MATHEW

DC PRINCIPAL

rmathew@deloitte.com



NICOLE OVERLEY

SENIOR MANAGER

noverley@deloitte.com

CONTRIBUTORS AND ACKNOWLEDGEMENTS

CECILIA DAIZOVI WEILAND,
CHAD AHREN,
BOB CARON



This publication contains general information and predictions only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Liability limited by a scheme approved under Professional Standards Legislation.

© 2022 Deloitte Touche Tohmatsu

20220119_THEAGENCY_05/22