Lessons to inform post COVID-19 university professional services

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Background

The impact of COVID-19 will result in a transformation of Australian higher education as it attempts to deal with high levels of uncertainty, funding shortfalls and new work practices. What is likely is that Australian universities will have to teach more with less, potentially accentuated by government policy changes proposed in June 2020. Universities are now locking in reduced operating expenditure over future years and have moved quickly on a range of fiscal management measures. Employee expenses usually constitute between 50 to 60% of institutional expenditure, so staffing strategies including wage freezes, reduction in leave balances as well as voluntary and involuntary redundancies are being actively pursued. These are coupled with plans for course changes and organisational restructures of academic and professional staff areas.

Restructures and other initiatives designed to reduce or reallocate staffing costs have been a regular feature of university life over recent years with varying degrees of long-term success in maintaining costs and achieving the desired benefits. Often casual staff and professional staff are targeted first as they appear to be viewed as the most dispensable. In an earlier paper we explored the casualisation of the academic workforce1 and in this paper we explore the professional staff workforce and the lessons which can be learned from the past when responding to COVID-19 and Government policy changes.

We use publicly available data2 on previous restructures involving professional staff (or ‘non-academic’ staff as described in the Government’s Higher Education Statistics (HES) which in itself indicates how professional staff have been viewed), to consider whether redundancy programs and organisational restructures have been cost effective and delivered sustained and improved outcomes. We question whether there are other ways of achieving the same desired outcomes and whether there are lessons which can inform responses to COVID-19 and Government policy changes to focus on both strategic and sustainable outcomes, and maintain an engaged workforce throughout and on the other side.

Professional staff

Professional staff constitute approximately 55% of the national public education workforce and are integral to the operations of a university. Traditionally, they are employed in roles such as facilities maintenance, student support, finance, human resource management, marketing, laboratory technicians, library and information technology. In recent years, the impact of new digital technologies, international student demand and imperatives of revenue generation have resulted in an increase in the number of jobs requiring high levels of skill and attracting increased remuneration.

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1 Bare L., Beard J. and Tjia, T. (2020). Does the extent of casualisation of the Australian academic workforce provide flexibility to beat the COVID-19 hit? LH Martin Institute Insights May 2020

2 The data is this report are derived from the Department of Education, Skills and Employment’s Higher Education Statistics (uCube data and prepared reports) - http://highereducationstatistics.education.gov.au/Default.aspx, the Department’s Staff Time Series data using Visual Analytics from Microsoft Power BI, university annual reports and publicly available data on line. For professional staff data extracted from the Higher Education Statistics, we excluded Research-Only Function staff data given that these staff are largely employed on fixed-term contracts from external research funds in this function. Full-time Equivalent (FTE) staff data are used.
**Figure 1** illustrates the percentage change each year in the number of jobs by HEW\(^3\) level between 1999 and 2017 in a large metropolitan university which would be fairly typical across universities. Significantly, jobs requiring lower levels of skill at HEW 1 to 4 have either decreased or flatlined while jobs requiring higher levels of managerial or specialist skills at HEW 8 and above have increased over time. In recent years, there has been increasing fluidity of responsibilities with professional staff employed to undertake management, coordination and delivery in education, academic and research oriented roles. This includes the emergence of a range of new highly skilled professional staff roles specific to education, such as curriculum and digital learning developers, which require a blend of technical and academic skills (known as ‘third space’ roles\(^4\)).

**Figure 1: Distribution of Professional Staff by Classification Level at a Large Australian Metropolitan University - 1999 to 2017**

All staff in Australian universities, including professional staff, have benefited from the growth in student numbers and revenue of Australian universities over recent years both financially and professionally, but employment has become more precarious as shown in **Figure 2**. There are many reasons for this increase in staff numbers and precarious employment including staff providing support and services associated with increases in student enrolments, strategies to enhance workforce flexibility including use of fixed-term contracts, and some staff employed on research funding.

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\(^3\) HEW – Higher Education Worker

Past organisational changes and professional staff reductions

In recent years, most Australian universities have embarked on change programs generally designed to reshape and reinvigorate the workforce, to strategically position the institution, to reinvest savings for research or other priorities, or as a response to financial exigency. Despite increased workforce flexibility, such initiatives are frequently accompanied by rounds of voluntary or involuntary departures of both academic and professional staff. There is limited public information available on change programs in universities. We examined the expenditure between 2014 and 2019 of seven universities which provided data on expenditure on redundancies in their annual reports. In that period, the universities spent $312.5m on redundancy or voluntary separation payouts of which $185.3m was spent on severance packages for professional staff. A conservative estimate is that in the same period more than $700m would have been spent on redundancies in Australian universities, with at least 55% of that expenditure directed at professional staff. Given the EBA conditions for redundancy for academic staff are considerably greater than for professional staff, it is likely that considerably more professional staff than academic staff have left the higher education system in that period.

Universities normally spend significant funds on consultancies for capital works and IT but also from time to time seek external advice about strategic and organisational change. The extent is not known but it is probable that some of the reported consultancy expenditure would have been spent on consultants to advise about changes required.

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5 For Figures 2 to 6:
- FTE staff data are used (not head count) and professional staff in the Research-Only function are excluded from the analyses (Footnote 2).
- The data for ‘Tenurial Term’ and ‘Limited Term’ have been obtained from the HES Power BI tool (Footnote 2) where the definition of ‘Tenurial Term’ for a staff member effectively means a permanent or continuing appointment, and ‘Limited Term’ effectively means a fixed-term appointment (an appointment for a specified period of time).
- The Actual Casual data are obtained from the HES data in the uCube also referred to in Footnote 2.
For investments of this size in human and financial terms, it is reasonable to expect lasting financial and performance benefits. Prima facie from the publicly available data, lasting efficiency gains may not be there, although universities may have internal information on objectives and benefit realisation measures. An examination of patterns of employment in the universities we surveyed indicated that although professional staff numbers fell in line with planned reductions, within one to two years the numbers reverted to or exceeded the pre-structural change numbers. This is illustrated in Figure 3 showing changes in employment each year over time of full-time and part-time professional staff in five Australian universities which had initiated significant staff reduction changes.

**Figure 3: % Change Each Year in Full and Part-Time Professional Staff at Five Australian Universities 2008 to 2019**

Equally as importantly, as professional staff numbers fell, so the number of casual professional staff increased. Such increases in professional staff numbers are sometimes, but not always, associated with increases in international student enrolments. We illustrate the phenomenon we are describing in more detail using three case studies (three different universities to those shown in Figure 3).

**Case studies**

**University A - A large metropolitan university**

During the period under review, University A undertook a series of initiatives designed to save costs, rationalise services and set a new strategic direction. While a major restructure in 2012 was designed to ensure that staffing levels did not exceed projected income, others related to the introduction of alternate service delivery models in the library and for general administration. A further restructure was aligned to strategic refocussing of the University.

Between 2008 and 2019, University A spent $794.3m on consultancies and contracts, averaging between 2 to 3% of total annual university expenditure some of which was probably spent on external advice about strategic and organisational change. Between 2011 and 2019 the University spent
$101.4m on redundancies of which $63.6m was spent on professional staff redundancies. Despite this, the reductions in staff numbers achieved through restructures were not sustained (Figure 4). The pattern of engagement of additional casual staff to offset reductions in professional staff is also evident in Figure 4.

**Figure 4: University A – Redundancy Payments ($000s) and % Change Each Year in Professional Staff (FTE) and Student Load (EFTSL) 2008 to 2019**

![Figure 4](image)

**University B – A post-Dawkins university**

Between 2008 and 2019, University B sought to rationalise its administrative structure and build capacity in research, at the same time facing significant enrolment and funding challenges. University B’s restructures have been largely aimed at meeting budgetary shortfalls, to rebalance the ratios between academic and professional staff and to improve research performance. Over that period it spent $14.5m in redundancy payments for professional staff ($11.3m on academic staff). In the same period the University spent $69.2m on consultancies, and again, although the services provided for this expenditure are not known, some of this may have been spent on consultants to advise about strategic and organisational changes required.

While it is too early to comment on the impact of the 2019 changes, the pattern of casual engagement to offset professional staff reductions is evident in Figure 5, as is the reduction of casual employment at a time when full and part-time employment is increasing. Significantly the patterns of employment do not bear much relationship to student number growth. Full and part-time professional staff numbers rebounded in 2012 and in 2017 to 2009 numbers whilst student load declined overall.

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6 *Ibid* 5
University C – An outer metropolitan university with regional campuses

Like University B, University C has faced challenges from flat lining or reducing levels of student enrolments. Strategic initiatives such as major restructures of academic programs and changes in mode and frequency of delivery of courses have been coupled with a significant administrative reform program and reduction in professional staff numbers. In some cases, low student numbers in regional campuses have resulted in the University seeking alternate modes of delivery, with a limited reduction in staff numbers in some campuses.

Between 2013 and 2019, University C spent $92m on staff terminations, of which $56.9m related to professional staff terminations. Between 2016 and 2019 the University spent $25.2m on consultancies, the majority of which related to management consulting or provision of strategic or marketing advice.

As with Universities A and B, University C’s reduction in full and part-time positions is mirrored by an increase in casual staff (Figure 6). Following the declines in numbers full and part-time professional staff numbers increased to a level higher than 2009 whilst students numbers have declined slightly overall.

\[7\] Ibid 5
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Figure 6: University C – Redundancy Payments ($000s) and % Change Each Year in Professional Staff (FTE) and Student Load (EFTSL) 2008 to 2019

What can we learn?

We have highlighted three case studies in this paper but we examined the publicly available data for almost half of Australia’s public universities. Our analysis suggests that universities share a limited capacity to maintain the financial benefits of organisational changes and professional staff reductions over the longer term. Reductions in staff numbers are quickly followed by increases to levels sometimes higher than the original numbers. There appears to be a relationship between a decline in professional staff numbers and an increase in casual professional staff. Associated with each redundancy and change program are financial costs as well as opportunity costs and impact on morale and staff engagement, and also loss of expertise, corporate knowledge and business continuity.

Although we do not have detailed information on the extent of expenditure on consultancies to support strategic and organisational change, it appears from the publicly available information that this may be significant, and given our concerns over the lack of sustainability of changes made, we query whether expenditure has given value for money. The use of consultants may reflect a perception within universities that existing staff do not have the capability to conceptualise and manage major organisational change.

While the reasons for changes in our case study universities vary, all include a strategy of cost reduction either to balance expenditure with income, to provide a more efficient service or reallocate resources. While the short-term goals may have been reached, professional staff reductions appear not to have been sustained. We speculate that the causes of the bounce back in professional staff numbers may include:

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8 Ibid 5
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- The unstable higher education policy environment resulting in the perceived need for short term fixes when student enrolments decline, with controls being relaxed as funding increases.
- The increasing requirement for specific professional expertise in a competitive university environment results in replacement of departing skills by recruitment of new staff with higher and/or different levels of skill as noted earlier in Figure 1.
- Possible over-subscription to voluntary redundancies by competent and skilled staff leading to significant skill and knowledge gaps, with departing staff finding employment at other universities.
- Lack of alignment of administrative processes or structural arrangements to operating norms, resulting in increased engagement of casual staff to cover gaps in support or services.
- Under-developed systems and business processes coupled with multiple layers of management or sub-optimal management and leadership practices to support a change, leading to reduced productivity.
- Push back from staff, especially academic staff, to whom work has transferred following the departure of professional staff.
- The decline or flatlining of roles between HEW 1 and 4 coupled with increased outsourcing and improved enterprise systems including use of digital and AI, may result in increased numbers of casual staff to fill service gaps.
- Devolved budget controls without an overarching policy framework and key performance indicators to be adhered to.

Is there a better way?

The COVID-19 pandemic has been and will continue for some time to be a major disruptor of higher education with major concerns including significant reductions in revenue. The government policy changes announced by Education Minister Tehan in June 2020 will place systemic constraints on revenue and pressure on costs as universities are being expected to teach more with less. There is a greater need than ever before to have a flexible, adaptable and resilient workforce including strong leadership, and the ability to respond quickly to new modes of operating for teaching, research, engagement and services.

Past experience indicates the difficulty in maintaining cost and staff reductions. It appears to tell us that universities have not always been successful in implementing sustainable major organisational change and more efficient workforces of professional staff. Rounds of redundancies or voluntary departures followed by replacements and increases in staff have the potential to breed cynicism in the workforce, and this may in part be reflected in staff rejection in some universities of proposed changes due to declining enrolments as a result of COVID-19.

What can be done to make changes stick this time? We suggest ten approaches to enable universities to optimise the long term outcome, to engage with staff, and minimise risks associated with redundancy programs and professional staff losses. These relate to professional staff in particular but many of these approaches are equally relevant to academic staff.

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9 We are hampered by a lack of data on system-wide classification levels of professional staff as these data are not published on HES and are rarely included in annual reports.

1. **Workforce planning and benefits realisation** – Strategic, considered and detailed professional staff workforce planning will support an effective response to the COVID-19 pandemic and government policy changes. This is essential to understand what skills and expertise exists in the university, what can be grown and developed to ensure retention of staff with skill sets aligned with the university’s changing needs, and what further is needed to achieve strategic goals of the university. In summary:
  
  - A very clear strategic plan with staff input and buy-in for how the university wishes to position itself in the future.
  - An implementation plan with clear objectives and clear articulation of **measurable benefits** to monitor implementation of changes and monitor whether changes are being maintained post implementation. Too often, changes are made, and then not monitored thereafter allowing creep to occur.
  - Consider ongoing trade-off between wage increases and job security, for example, can and should growth (student load and revenue) and wage increases be maintained at past rates into the future.

2. **Data and evidence-based decision making** - Data on service delivery costs and returns should be collected and used with workforce planning to better target areas for change and ensure that the costs of redundancy can be balanced by the benefits of cost savings in both the short and long term. As noted in the previous point, benefits of changes should be determined, quantified and measured regularly over time to ensure benefits are being realised and used to determine whether adjustments in planning are required.

3. **Recognise the importance and contribution of the professional staff workforce** – Despite the large numbers employed in the professional staff workforce, university administration is often not seen as a career, and universities commonly recruit to fill a specific skill gap rather than against a profile of a person with potential to grow and develop. Many universities do not require a formal merit selection process for temporary roles of one year or less.

   We suggest that now is the opportunity to elevate university administration as a professional career path by recruiting staff on merit against current and future skills requirements and, in addition to the current limited investment in management and leadership development, actively plan and support the development of skills and professional expertise on a sector-wide basis. Again, sufficient data should be available to support workforce planning to ensure retention of talent and development of internal capacity.

4. **Transparency and change management** – Implement transparent robust mechanisms which engage staff and enable plans and decisions aimed at controlling staff numbers and costs across the university to be understood and, importantly, be informed by staff.

5. **Reward** - Explore whether the current classification structure for professional staff which reflects the world of work in the early 1990s sufficiently recognises the current requirements of universities. With the increasing blurring of roles between academic and professional staff, consider whether a a major review of the classification structure is necessary or whether a separate classification structure should be developed to cater for ‘third space’ roles with appropriate remuneration levels.

6. **Flexible structures** - Implement contemporary flat management structures rather than many layers and complexities in staff arrangements.

7. **Service Delivery Partnerships** - Consider an increased mix of university staff and service partners eg continue and expand the engaging of outsourced partners for areas which require specialist skills, or for transactional or non-core activities that can be delivered more efficiently through automated and digital services provided by external providers.
8. **Collaborations** - Implement shared services across the sector, optimising use of current models (eg purchasing), where institutional collaboration will yield effective outcomes.

9. **Streamlining administrative processes** - Ensure continued effort and investment in the development and implementation of new administrative processes to yield efficiencies to meet staff reductions or enable redeployment of staff to alternative and productive activities. Increasing casuals as professional staff numbers decline must also be avoided as this suggests that workforce planning and management may not have been undertaken appropriately.

10. **Benefitting from changes in work practices post COVID-19** - Universities have an opportunity to reduce some operating costs through changes in work practices post-COVID-19, and savings can then be invested in staff retention and development. These cost reductions include less building works and infrastructure being required as more flexible and home-based work arrangements become the norm.

    Professional staff are an embedded part of the university community and workforce. Universities are facing a once-in-a-generation challenge and opportunity to innovate a new operating model that values all staff, and achieves sustained productivity improvements to continue to deliver impactful research and transformative education nationally and globally.