

Tough Financial Times for Higher Education: What It Means for Leadership

by Steven W. Graham, Suzette Heiman, and Rob Williams

Presenting the results of a recent national survey on how department chairs are responding to higher education's tight financial conditions, the first article in this two-part series (Spring 2004 issue) discussed the specific actions chairs have taken to deal with budget cuts. Part two of this series details information from this same survey, focusing here on leadership expectations and offering useful advice to chairs facing similar budgetary situations.

There's no doubt about it: Funding for higher education has taken, and promises to take, major hits. According to state budget figures from across the country, spending for higher education fell for the first time in over a decade during the 2003–2004 fiscal year. Colleges and universities will continue to face lean times in the next few years, and most state budget projections show a slow recovery and adjustment to tight fiscal conditions. Higher education is particularly vulnerable to these economic downturns because their funding is often considered “discretionary” within state budgets. As a result, lawmakers are asking higher education institutions to be more cost effective and rely less on state appropriations without raising tuition costs for students (Arnone, 2004).

The impact of these budget cuts on the leadership within higher education remains somewhat ambiguous, especially at the department level. Department chairs may not have the budgetary flexibility and scope to sway the course of educational economics, but they are the ones who most often interact with the students, staff, and faculty affected by the cuts. During tough fiscal times it is hard for chairs to balance the various demands for research, teaching, and service when they are facing open faculty positions, reduced resources for trav-

el and supplies, and little administrative support.

Advice From Chairs to Chairs

We conducted a study that provides an inside look at what happens where the rubber meets the road. This research surveyed almost 100 department chairs at public and private institutions across the nation about their strategies for managing budget cuts. Academic departments chairs who experienced significant budget reductions provided information about the extent of their budget cuts through an online survey. They reported on the strategies used on their campuses, the advice they would offer to other chairs facing similar conditions, and what they wanted most from their campus-wide leaders. Embedded in their responses were admonitions to their colleagues on how to address tough budget times.

The chairs surveyed reported on the most significant challenges they faced during tough fiscal conditions. While their comments represented a wide variety of problems, they could be organized into a subset of overarching concepts. Based on these comments, several themes emerged that highlighted the biggest challenges for chairs:

- Recruiting and retaining faculty members
- Maintaining academic and program quality
- Using resources wisely and focusing on priorities; doing more with less
- Maintaining morale and motivating faculty members
- Finding new resources
- Providing travel for professional development
- Meeting students' expectations and instructional needs

These are tough issues for department chairs during ordinary times, but

in lean times chairs have fewer resources to solve the problems. Consequently, balancing creativity with integrity becomes the order of the day.

Responding to inquiries about what actions they could recommend, our participants offered a number of strategies for other chairs facing tight budgets. These strategies often provided good commonsense advice—counsel that would be helpful anytime. The general themes that were identified included:

- Communicate openly and honestly and keep people informed
- Replace hard money with grants or private funds
- Be visible on campus and lobby on behalf of your department
- Be calm, offer encouragement; create an environment where people can still get things done
- Lead by example by tightening your own belt and making sure that cuts are equitable
- Be positive and upbeat and think long term
- Focus on departmental priorities
- Pick your fights during tough budget times

The academic department chairs were also asked to comment on what key leadership traits they expected from the upper-level administration at their college or university during tough budget times. This question allowed our participants to reflect on what might be expected of them. Characteristics most desired by the respondents included:

- Open communication, involvement in discussions, and clear explanations
- Fairness and equity, including the notion that leaders should share in cuts
- Leadership and vision, role modeling, morale support, and respect
- Honesty, accurate information, and full information
- Willingness to act on stated priorities and essential programs

- Provide innovative or long-term solutions
- Thoughtfulness; ability to make tough decisions; allow departments to help make decisions

Conclusions

Five conclusions can be made as a result of this study and provide useful advice for academic leaders during tough fiscal times.

What faculty need from their department chairs in times of crisis is similar to what they need all of the time. The themes expressed by many present-day leadership theories are consistent with what the chairs recommend for others and what they want from their leaders. Honesty, competency, forward-looking vision, inspiration, and credibility top the list (Kouzes & Posner, 1995). Transformational and charismatic leadership theories suggest that leadership is critical in motivating people to go beyond traditional organizational expectations (Bass, 1985; Burns, 1978; Leithwood & Duke, 1999; May, Chan, Hodges, & Avolio, 2003). Chairs hoped that their leaders would set high standards of honesty and communication, lead by example, offer respect and foster high morale, act on stated priorities, and make reductions based on stated priorities. All of these principles are consistent with notions of transformational or authentic leaders (May, Chan, Hodges, & Avolio, 2003).

Department chairs want to be more involved in upper-level financial decisions affecting their academic units. Department chairs often found themselves suspended between two worlds—not quite management but with much more administrative responsibility than regular faculty. Because tight budget situations affect how departments are run, the chairs want to be included in discussions about cuts and reductions. There was defensiveness in many of the comments, with respondents noting their frustrations and their lack of choices and input. If department chairs are to be treated as part of the management by college

administration, it is important that they be allowed to lead and be willing to act on stated principles. For most faculty members leadership begins with their department chair.

Department chairs should have a long-term perspective and recognize that these cuts will affect their departments and the overall teaching and scholarship in their units for years to come. Chairs were concerned about quality—for their schools, their faculty, and their students. Many have spent years trying to build national reputations for their departments by recruiting leading scholars, publishing in prestigious journals, and inspiring promising students to study at their institutions. Severe budget cuts have the potential to slow or halt progress as scholars depart and students choose to study elsewhere. Top faculty performers do not take a hiatus during poor economic times, and department chairs have to work extra hard to retain their very best faculty members. Although financial incentives obviously rank high, creating a climate that retains faculty goes beyond money. Other critical ingredients include a healthy department morale, assistance in developing proposals for grants, and the availability of technology or instructional tools that help faculty conduct research and teach classes.

The skills and knowledge required of department chairs during tight budgets are much broader and more personally taxing during tough economic times. The leadership theories articulated by Bass (1985), Burns (1978), Greenleaf (1970), Kouzes and Posner (1995), and Spears (1998) all point to the extraordinary qualities a good leader must possess under normal conditions. When budget cuts endanger the core mission of the department, the task of department leadership can be almost overwhelming. Chairs demonstrate their commitment to the department by tackling this enormous task one day at a time.

Conundrums and the art of leadership. Most forms of prescriptive leadership tend to work in one situation or another but cannot be generalized to all

situations. What does remain consistent in both the literature on leadership and in this survey data is the notion of “balancing of opposites” or the reliance on conundrums. For example, many of the department chairs surveyed indicated the need to find a point of “realistic optimism” during times of budget cuts.

Summary

Communication—in all forms—seems to be the key for department chairs. Faculty members are paying attention not only to what department chairs say verbally, but also what their actions communicate. Faculty members want their chairs to be honest about their situation, even if it’s not what they want to hear. A department chair’s positive attitude and long-term perspective can inspire and motivate others to work through the situation. College and university administrators at all levels can take to heart the primary lesson learned in our survey: What chairs want from their top leaders during tough economic conditions are the same things they want all of the time. Honesty, competency, a forward-looking perspective, inspiration, credibility, and a willingness to stand by stated principle are the traits they desire in their leaders. ▲

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