

What Workforce Crisis?

By Lester M. Salamon & Stephanie L. Geller

Stanford Social Innovation Review
Winter 2010

Copyright © 2010 by Leland Stanford Jr. University
All Rights Reserved

What Workforce Crisis?

How nonprofits are finding great employees even during the manpower shortage

By LESTER M. SALAMON & STEPHANIE L. GELLER

AMERICA'S NONPROFIT organizations have great difficulty attracting and retaining talent—or so recent newspaper and magazine articles would lead their readers to believe. These articles cite low wages, large student debts, the limited appeal of many frontline nonprofit service jobs, restricted advancement opportunities, and inadequate benefits as causes of the workforce crisis.

Yet nonprofit employment has actually been booming, growing at twice the average annual growth rate of for-profit employment between 1990 and 2006. Even during the last recession, between 2002 and 2004, nonprofits boosted their workforce by 5 percent, while overall U.S. employment declined by 0.2 percent.

To find out how nonprofits find and keep workers even in troubled economic times, we surveyed a unique national sample of more than 700 operating nonprofits, which we recruited through the Johns Hopkins Listening Post Project. We then followed up this survey with a daylong roundtable that convened nonprofit recruiters, workforce experts, and leading nonprofit practitioners to discuss whether and how nonprofits are meeting their employment needs.

These two streams of information revealed that some 90 percent of our respondents found recruiting employees to be at least somewhat challenging. Yet they also showed that organizations are rising to meet this challenge with four clever techniques: sell the context of the job, be proactive, court millennials, and make work flexible. With this arsenal, many nonprofit managers are learning that they actually have an advantage over businesses in the increasingly competitive job market.

SELL THE CONTEXT

With their emphasis on values, many nonprofits attract and retain employees by offering them supportive work environments. For example, Catholic Care Center, a long-term care facility in Wichita, Kan., developed programs to make its diverse care workers feel valued and at home. One of these is Culture Day, a regular series of events during which employees from different backgrounds share their native dress, food, and music with the residents of the center.

Another powerful feature of the nonprofit context is its offer of a life of meaning, which nonprofits can emphasize by reminding staff of their organization's mission. The Berkeley Repertory Theatre in Berkeley, Calif., for instance, makes a point of giving employees repeated opportunities to hear about the organization's values and to provide feedback on how well it is living up to them. As a consequence, its employee retention rate is excellent.



RECRUIT PROACTIVELY

Before entering the nonprofit workforce, too few potential employees know about the nonprofit sector or its unique offering of mission-driven, deeply meaningful positions. To help these potential employees take the nonprofit plunge, some hiring managers are recognizing the need to recruit more aggressively. This means going to job fairs, meeting recruits on their own turf, and forging partnerships with nonprofit training programs. “Businesses regularly make recruiting visits to business schools,” noted one roundtable participant, “but nonprofits have not routinely done this. This has to change.”

LESTER M. SALAMON is director of Johns Hopkins University's Center for Civil Society Studies, as well as of the center's Listening Post Project.

STEPHANIE L. GELLER is research project manager for the Listening Post Project.

For many nonprofits, proactive recruitment has required them to professionalize their human resources functions. The era of ad hoc personnel management is over. Larger organizations are creating and staffing

human resources departments, and smaller organizations are forming partnerships with similar groups to serve their joint HR needs.

For example, Metropolitan Family Service in Portland, Ore., hired its first HR staff person about six years ago. Since that time, the organization has implemented a formal salary structure, employee performance reviews, job descriptions, and regular training. With defined expectations and procedures, employees feel better supported and appreciated—an outcome that has improved employee retention, the organization says. Moreover, as the nonprofit now has standard hiring procedures, recruiting employees has become a much smoother process.

COURT MILLENNIALS

Especially important to the future of the nonprofit workforce is its ability to attract the so-called millennials, the generation coming of age in the 21st century. Futurists such as Atul Dighe see this generation as especially enthusiastic and idealistic—qualities that should make this cohort especially attracted to the nonprofit sector. But to reach millennials, nonprofits must understand their passions, expectations, and lifestyles.

Internship programs are one effective way to identify and train millennial talent. “What started out as being a way to enhance a small staff with cheap labor has actually become the most important way that we recruit,” says Susan Medak, managing director of Berkeley Repertory Theatre. “What we found was that we could train our own. We could develop people with the skill set ... and the mind-set that we wanted.”

Nonprofits are also learning to track millennials in their natural habitat: the Internet. When Susan Posner, Metropolitan Family Service’s human resources director, asks applicants where they hear about her organization’s job postings, “65 percent tell us that it is either our Web site, Craigslist, or another Internet career site,” she says. “Newspaper ads don’t work half as well.”

Posner has also had “tremendous success” finding millennials at job fairs. “It is that talking to the applicants and explaining who we are, what our services are, and what we do that seems so important, particularly to millennials,” she says. Another roundtable participant explained: “Perhaps this is because of the group orientation that researchers have found to be particularly strong among this generation. They want to know with whom they will be working and what the work environment will be like.”

Other executives at our roundtable highlighted the importance of volunteer experiences in attracting millennials. “We have a generation that is used to much more engaged kinds of activities and who really want to help,” one participant noted. Another participant added, “And the more meaningful things we can come up with for volunteers, the more donations we get from them.”

For instance, FamilyMeans, a family services organization in Stillwater, Minn., organized its Next Generation Leadership Council for professionals in their 20s and 30s. Council members help FamilyMeans better understand how to meet the needs of young singles and families. In return, the organization teaches council members about nonprofit leadership. “These young people are

amazing with their energy, ideas, and loyalty to the agency,” says Arba-Della Beck, FamilyMeans’ president. She also points out that the council members “have more connections than one might expect and they are very happy to use them to help the agency, whether with fundraising, or services, or volunteer opportunities.”

MAKE WORK FLEXIBLE

The millennials and so-called Generation Xers (born between 1961 and 1981) who increasingly make up the nonprofit workforce have quite different attitudes toward work from those of the baby boom generation that preceded them. These younger generations seek more work-life balance, and so they are looking for flexible jobs that leave them time to “have a life.” Meanwhile, retiring baby boomers are searching for second careers and more volunteer opportunities in the nonprofit sector. To attract and retain these workers, nonprofits

By virtue of their relatively small scale, flexibility, and public-serving missions, nonprofits can effectively compete for the available pools of talent.

have had to change their job benefits, descriptions, and expectations.

For example, Catholic Care Center restructured its health insurance plan to respond to the single people and single people with children who make up the largest part of the organization’s workforce. The nonprofit now offers four different levels of coverage: employee, employee plus children, employee plus spouse, and employee plus family, with the most dollars going to the first two groups.

Similarly, recognizing that many of its younger employees prefer to have more control at work, the Berkeley Repertory Theatre now offers flexible hours. “As long as your work gets done, we don’t challenge where you are doing it or when you are doing it,” says Medak. As a result of this policy, she says, “I think we’ve been able to make people reasonably happy and very productive.” Similarly, Metropolitan Family Service upgraded its technology so that its staff could work remotely from anywhere in the community.

Many retirement-age volunteers require a different sort of flexibility: the ability to tailor their volunteer jobs to their unique skills and strengths. “We’ve been trying to think creatively about how to establish new volunteer roles that are more robust than those we provided in the past,” says Posner. “Not mundane office work, but involvement in strategic planning, development, marketing, and even human resources.” For example, the nonprofit enlisted a retired educator with significant volunteer management experience to update the organization’s volunteer policies and training program—a task that existing staff lacked the time and skills to complete.

Although nonprofits face enormous challenges in recruiting quality workers for frontline staff positions, these organizations are not without substantial strengths. By virtue of their relatively small scale, flexibility, and public-serving missions—which appeal to a generation seeking meaning, not just money—nonprofits are in a position to mount an effective competition for the pools of talent that are available. In the current environment, however, they must be proactive and creative to be successful. ■