Nonprofits in crisis: How to retain employees in the nonprofit sector

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Executive Summary

In today’s worsening economy more and more people find themselves seeking help through the services of nonprofit groups. Families are in worsening situations and the need for effective and efficient nonprofit human services is growing faster as more people are put out of work. It is clear that the nonprofit organizations must find a way to retain already trained employees to stave off the cost of finding and training replacements. It would be easy to think that nonprofit employees would stay if only their salaries were to increase, however, the literature review and focus group interviews found that is not the case. While more money would be welcomed, most nonprofit employees did not get into the field to become wealthy, instead they joined the nonprofit organization because of the mission and the desire to help people.

Thus, nonprofit organizations’ managers must find ways to keep their long-tenured employees. The stress levels the frontline workers are feeling continues to increase as more and more people come in for services. The ability to rely on the mission of the organization to keep the employees is quickly eroding. Employees find themselves in a position of not only low wages but also high stress. This combination will lead to people fleeing the nonprofit human services sector for more lucrative positions in private and government sector jobs.

Through analyzing a survey of Nevada nonprofit workers and conducting focus group interviews, the nonprofit human services frontline workers showed they are interested in more than just money. They want to help people. To keep those employees, the organizations can give the workers more than just money. The workers desire flexible hours, more training and an understanding of what leads to the burnout, causing them to leave the nonprofit sector. Nonprofit organizations would do well to listen to the concerns of the frontline workers or the
groups will be faced with a revolving door of employees and less effective service to their clients.

**Introduction**

Traditionally, nonprofit agencies providing human services have relied on the organization’s mission to recruit and retain employees. The universal belief in the nonprofit sector is that employees who are aware of the organization's mission, and have a passion for the cause or issues the nonprofit organization serves, are more likely to remain with the organization. An organization’s mission is critical to retaining employees because it “helps define an organization, expressing its values and envisioning its future simply and clearly. Often the mission statement attracts clients, donors, funders, employees and volunteers to an organization” (Brown and Yoskioka, 2003). By and large, nonprofits rely on this public service motivation and a commitment to the organization’s mission to help retain their employees.

But even with a strong sense of values and mission, nonprofit human services delivery is reaching a state of crisis. The demands for more accountability and proof of program results are placing more pressure on nonprofit employees, and as a result, their connection and belief in the agency’s mission is becoming less important. “The work is difficult and physically and emotionally demanding. It is low paying and offers few opportunities for career advancement" (Leon and Marcotte, 2001). The stress of their workload often leads employees to set aside their desire to make a difference by fulfilling the organization’s mission and instead pursue positions that offer more pay and less stress. The loss of employees can impact an agency’s productivity from the loss of institutional knowledge and can affect the morale and productivity of the remaining employees because of an increase in their workload. Moreover, recruiting and retraining new employees can cost a nonprofit agency thousands of dollars (Kim and Lee, 2007).
To attract and keep qualified employees, nonprofits must develop new methods and incentives.

**Nonprofits in Crisis**

**A Nationwide Problem**

Retention of qualified employees is becoming a challenge for nonprofit agencies providing human services around the country. Low wages, heavy case loads and excessive regulations are causing employee dissatisfaction, and in turn, increased turnover. While the challenge of retaining employees is not unique to nonprofit organizations, research shows that "nonprofits have higher annual employee turnover than government and business; 3.1 percent, compared to 2.7 percent in the business sector and 1 percent in the government sector" (Gazley, 2009). The biggest workforce challenge appears to be the agency’s ability to offer competitive salaries and to recruit qualified staff (Ban, Drahnak and Towers, 2002). There are several reasons employees leave the field of nonprofit work other than pay, including lack of training and poor support by their agency. "...Those that do stay are typically motivated by values and a sense of mission that is stronger than the work's disincentives" (The Annie E. Casey Foundation, 2003).

A review of the literature shows that employees who had a positive attitude toward the agency’s mission had higher levels of job satisfaction and were more likely to remain with the organization. "However, dissatisfaction with pay tended to override employee's mission attachment as explanation of why they may leave the organization," (Brown and Yoshioka, 2003). Some of the ways that organizations were able to retain their employees that had a big impact and low cost were by offering professional development opportunities, family-friendly job benefits such as flextime, telecommuting, family leave time, transportation subsidies, health benefits, career ladders, and childcare and eldercare subsidies. Another way to retain employees
was through “public recognition and reverse mentoring, and reward longevity through anniversary gifts” (Gazley, 2009).

A 2002 survey of 425 Bay Area nonprofit executive directors and four focus groups found that the organizations were grappling with retaining employees; 8 percent of the paid staff positions at nonprofits were vacant: 30 percent of these positions had been vacant for four months or more and 24 percent of the vacancies were management positions (Chan, Fernandopulle and Peters, 2002). Executive directors reported that the three most common reasons for staff resignation were: a great job offer elsewhere, dissatisfaction with compensation and the cost of living in the Bay Area. According to the survey, nonprofits were responding to the challenge in several ways. For example, 40 percent of nonprofits raised salaries during 2000-2001 beyond standard annual raises. Forty-five percent of nonprofits increased employee benefits during 2000-2001. Also, 26 percent held on to under-performing staff and 22 percent postponed or canceled programs because they could not secure staffing.

A survey of Indiana nonprofits found that almost all (97 percent) very large nonprofits (revenues of $10 million or more) say that recruiting and retaining qualified staff is at least a minor challenge and 48 percent say it is a major challenge (Clerkin and Grønbjerg, 2004). The survey also found that the funding source matters when it comes to retaining and recruiting employees. “Nonprofits that rely mainly on government funding tend to face the greatest level of challenge in managing, recruiting and retaining paid staff…” (Clerkin and Grønbjerg, 2004).

A report by the Johns Hopkins Nonprofit Employment Data Project based on employment data compiled by federal and state officials found other reasons why nonprofit agencies have difficulty retaining employees, other than the pay; these were limited job advancement opportunities (identified by 71 percent of the agencies) and inability to offer
competitive benefits (identified by 65 percent of the responding agencies) (Geller Lessans and Salamon, 2007). Surprisingly, the agencies reported that even though employee retention was a challenge, they didn’t perceive it as having a negative impact on the organization; Only a third of the organizations reported overall negative impacts from staff turnover, while nearly as many (26 percent) reported overall positive effects; between 35 and 39 percent of the organizations did report negative impacts from staff turnover on staff productivity, morale, and burnout, but in at least two of these cases the share claiming positive impacts was nearly as great (Geller Lessans and Salamon, 2007).

Overall, similar policy analysis shows that in order to keep qualified employees, nonprofits must develop new methods and incentives.

The Costs of Turnover

Across the nation, the high rate of turnover among frontline workers in the nonprofit human services industry is a serious workforce problem. Concern about elevated turnover rates has led to considerable focus on understanding the challenges associated with retention of this critical workforce. Poor wages, emotional burnout and feeling unappreciated are three leading factors that cause employee turnover, according to a review of the literature. Regardless of the passion employees may feel for the mission of a nonprofit organization, when their time is diverted from performing tasks that align with the mission and reallocated to tasks such as paperwork and reporting, their job satisfaction decreases, and turnover increases. As performance based funding and contracting becomes a requirement for most funding sources, nonprofits must explore and implement new ways to keep employees engaged (Kim and Lee, 2007).

The difficulties in retaining quality nonprofit human services workers incur high costs to
employers, staff members, and most importantly, clients. According to Jessica Kadis’ article in the Community Living Exchange Collaborative at Independent Living Research Utilization (ILRU), the direct and indirect costs of the workforce crisis are as follows:

<table>
<thead>
<tr>
<th>Costs to Employers</th>
<th>Costs to Staff Members</th>
<th>Costs to Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separation costs: exit interviews and administrative costs. <em>(Direct Cost)</em></td>
<td>Over-burdening of workers to make up for insufficient staffing, resulting in:</td>
<td>Lower quality of care from overburdened or newly trained staff. <em>(Indirect Cost)</em></td>
</tr>
<tr>
<td>Fill-in/vacancy costs: temporary workers and overtime pay for other staff members. <em>(Direct Cost)</em></td>
<td>• High rates of stress and burnout due to increased hours and responsibilities. <em>(Indirect Cost)</em></td>
<td>Lack of stability for clients due to frequent staff turnover. <em>(Indirect Cost)</em></td>
</tr>
<tr>
<td>Replacement costs: advertising, interviewing and training. <em>(Direct Cost)</em></td>
<td>• Decreased ability to provide quality care. <em>(Indirect Cost)</em></td>
<td>Longer waiting lists to receive services, causing some clients to “give up” on getting assistance. <em>(Indirect Cost)</em></td>
</tr>
<tr>
<td>Loss of efficiency and productivity: before employees leave and while training new employees. <em>(Indirect Cost)</em></td>
<td>• Poor interpersonal relationships between staff and clients as well as between staff and management. <em>(Indirect Cost)</em></td>
<td>Poor interpersonal relationships between staff and clients. <em>(Indirect Cost)</em></td>
</tr>
</tbody>
</table>

As illustrated above, when a nonprofit experiences turnover it can be damaging to the overall effectiveness of the organization. To date, very few detailed studies have been conducted that attempt to quantify the per worker costs of frontline turnover in the nonprofit human services industry. However in general, the most commonly used, conservative rule-of-thumb for estimating the per worker cost of turnover in the overall U.S. economy puts the comprehensive cost of replacing a lost employee at 25 percent of his or her annual compensation amount. The 25 percent rule-of-thumb applies to estimates of the annual wages of nonprofit case workers in Southern Nevada, which range $28,000 - $35,000 annually, suggesting a total cost of turnover per employee of $7,000 - $8,750 (salary data obtained through focus group interviews with local nonprofits). The direct costs include advertising, time spent by human resources personnel, new employee training and overtime pay for remaining staff. However, the true costs of turnover may
be far greater than these immediate management issues. "High turnover not only damages employee morale, because of the increased workload for remaining workers, but also compromises the quality of service that directly affect client's welfare" (Kim and Lee, 2007). This corresponds to the indirect costs of turnover, which are much more difficult to quantify but include: lost productivity, stress/emotional burnout, reduced quality of care, care hours not provided, lost client revenue, loss of clients to other agencies and poor interpersonal relationships.

Furthermore, high turnover costs have serious financial impacts on clients and users, private donors and federal, state and local governments, which together foot most of the bill for our region's nonprofit services system. In a study of Nevada nonprofits based on IRS filings (generally required for nonprofits with minimum revenue of $25,000), 327 nonprofits, or 38 percent of the total nonprofits which filed, were human service providers. Of these, 80 percent were in Las Vegas and Reno, and client and user fees were their most important source of income (31 percent), followed by private philanthropy (26 percent) and government support (21 percent) (De Vita and Wombly, 2002). This, coupled with relatively low levels of charitable giving in the state -- Nevada ranks near the bottom of all states in terms of individual charitable giving -- points to the keen competition nonprofit organizations face in securing funding (United Way of Southern Nevada, 2003).

Prior to the recent economic downturn, approximately 30 percent of nonprofits faced
revenue shortfalls each year (United Way of Southern Nevada, 2003). Now that the country is in a full-blown economic recession, the nonprofit human services system is receiving even less funding from the government and private donors, which in turn, is causing even greater competition amongst those nonprofits who can manage to stay afloat. This is disparaging news considering there was a substantial increase in the number of nonprofit organizations that opened its doors in Nevada in the last decade. According to The Urban Institute’s National Center for Charitable Statistics 2007 IRS Business Master File, the number of nonprofits within the state of Nevada jumped from 4,445 in 1996 to 7,484 in 2006, which equates to a 68.4 percent increase within a 10-year time frame. And while these nonprofits are making an important contribution to the region by addressing a wide variety of human service and community needs, they are forced to do more with less. Consequently, this has created quite a challenge for local nonprofits in relation to retention as there are fewer dollars to pay front line workers; less incentive for potential employees to work in the industry; increased case loads for current workers; higher stress levels reported by staff; decreased employee satisfaction levels; and ultimately, increased turnover. In order to address these challenges and reform the system, nonprofits must find new and creative ways to retain qualified frontline workers.

**Barriers to Retention**

A great deal of attention has been focused on the issue of retention among frontline workers in the nonprofit human services industry. Nonprofits provide services, with often limited resources, to challenging segments of the population. Limited funding resources from government contracts, decreased donations and fees for services affect the amount of financial compensation these agencies can provide as a tool to retain good employees. The small size of nonprofit organizations also reduces their employees’ opportunities for career advancement and
promotions (Kim and Lee, 2007). Because these agencies cannot provide equal or competitive compensation packages to their workers, they must rely on other methods to hold on to qualified employees.

The demand for more accountability from nonprofits by government agencies and private donors is making it increasingly difficult for nonprofits to utilize an employee’s attachment to the organization’s mission as an effective management tool. Additional reporting is becoming a common requirement for nonprofits to gain and retain funding resources. Productivity reports and increased amounts of paperwork must be completed by staff to demonstrate the success of the nonprofit’s programs.

The increase in accountability places more stress on a human service worker’s already overloaded caseload and diverts their time away from assisting the clients they are passionate to serve. Less time spent working toward the organization’s mission increases the emotional exhaustion of human service workers. Increased regulations and reporting also cause human services employees to feel as if they are not trusted and that their time and their jobs are not valued (Kim and Lee, 2007). According to Deanna Ackerman’s 2008-2009 Nevada Nonprofit Compensation Study, over half of the organizations surveyed stated that it was difficult to recruit and retain qualified staff, citing program staffing as the most needed and most difficult positions to fill within the organization. A snapshot of Nevada’s nonprofit professionals further proves this finding as 65 percent of survey respondents have held their

<table>
<thead>
<tr>
<th>Years in the Sector</th>
<th>All respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>2%</td>
</tr>
<tr>
<td>1 - 5 years</td>
<td>33%</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>24%</td>
</tr>
<tr>
<td>11 - 20 years</td>
<td>21%</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years in Current Position</th>
<th>All respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>10%</td>
</tr>
<tr>
<td>1 - 2 years</td>
<td>18%</td>
</tr>
<tr>
<td>3 - 5 years</td>
<td>37%</td>
</tr>
<tr>
<td>6 - 8 years</td>
<td>10%</td>
</tr>
<tr>
<td>More than 8 years</td>
<td>25%</td>
</tr>
</tbody>
</table>
current position for five years or less (Ackerman, 2009).

**Low Wages and High Stress**

Frontline human service workers are an essential piece of our nation’s publicly funded nonprofit human services system, and yet they rank amongst some of the lowest paid workers in the nation. They are tasked with performing some of the most difficult work and making decisions that can change the course of a person’s life. “A frontline worker’s recommendations can determine whether or not a mother is reunited with her children in foster care; whether a youth is returned to detention; or whether a struggling family receives the help to make the transition from welfare to work” (The Annie E. Casey Foundation, 2003). These jobs are extremely difficult and emotionally demanding and require high levels of compassion and skill. Unfortunately, the nature and complexity of human service work is not commensurate with the pay. In fact, social services pays its workers less than any other sector that hires similarly qualified people for similar jobs and consistently ranks among the five-worst-paying professional jobs for men and women tracked by the U.S. Bureau of Labor Statistics (The Annie E. Casey Foundation, 2003).

One factor that repeatedly has been cited as a major, underlying reason for the recruitment and retention problems in the nonprofit human services industry, is the relatively low wages paid to frontline workers. As previously mentioned, people working in the nonprofit sector typically receive lower pay compared to their private and public sector counterparts, and research indicates that Southern Nevada is no exception. Based on information obtained through focus group interviews with local nonprofits, case workers in Southern Nevada earn an average hourly wage of $11.00, while their government sector counterparts make a $33.00 average hourly wage, or triple that of their nonprofit counterparts (data gathered from the city of Las
Many analysts have argued that given the comparatively heavy work required of frontline human service workers, it is therefore not surprising that the nonprofit human services industry is experiencing severe recruitment and retention problems. Furthermore, “there is usually little room for career advancement at individual providers and throughout the industry” (Leon and Marcotte, 2001). Relatively few providers have tiers that allow front line staff to advance in terms of job duties and wage level. This has led to the frequent description of work in the nonprofit human services industry as a “dead-end” job and may contribute to making new or continued work in the industry unappealing for many current and potential employees.

<table>
<thead>
<tr>
<th>Case Manager/Worker</th>
<th>Less than $25K</th>
<th>$25K-$40K</th>
<th>$40K-$55K</th>
<th>$55K-$75K</th>
<th>Over $75K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Nevada</td>
<td>25%</td>
<td>63%</td>
<td>-</td>
<td>12%</td>
<td>-</td>
</tr>
</tbody>
</table>

According to the 2008-2009 Nevada Nonprofit Compensation Study, 88 percent of nonprofit case managers working in Southern Nevada earn less than $40,000 annually, of which 25 percent take home less than $25,000 per year. These survey figures are in-line with salary data obtained through focus group interviews with local nonprofits, whose case workers earn anywhere between $28,000 - $35,000 annually.

Considering the median household income in Southern Nevada is $54,299, a majority of Southern Nevada nonprofit case managers/workers are earning less than the median household income (U.S. Census Bureau, 2005-2007 American Community Survey). Moreover, a quarter of these workers are earning below the current living wage level for a Clark County single parent with one child, which is $12.87 per hour or $26,763.96 annually (PLAN Nevada, 2009).
Therefore, it is not surprising that 62 percent of the survey respondents who are currently seeking employment cited an increase in salary as the number one reason they are looking for a new job. Respondents also reported only moderate levels of satisfaction with their current compensation package. Furthermore, qualitative data collected as part of the survey indicated that some individuals have taken a pay cut during this economic downturn with one respondent indicating that the cut was 20 percent.

"Many observers tend to agree that dissatisfaction with pay is one of the leading causes of staff turnover in nonprofit organizations and that there is a strong relationship between turnover and compensation" (The Annie E. Casey Foundation, 2003). "Dissatisfaction with pay means that nonprofit workers often seek better offers from within or outside the sector or tend to have more than one job to meet their compensation expectations" (Seavey, 2004). Unfortunately, further research indicates that market demand for human service workers does not create increasing pressure on wages. "Publicly funded human services are, by definition, a market created by government and the forces driving compensation are public policy and regulation, not the laws of supply and demand" (The Annie E. Casey Foundation, 2003).

In addition to low wages, another underlying reason for the challenges associated with retention in the nonprofit human services sector is the high stress that frontline workers experience. In general, these workers face considerable emotional demands and must respond

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Increase my salary</td>
<td>62%</td>
</tr>
<tr>
<td>Improve my work environment</td>
<td>45%</td>
</tr>
<tr>
<td>Increase my opportunity for promotion</td>
<td>35%</td>
</tr>
<tr>
<td>Opportunity to work for another type of organization</td>
<td>26%</td>
</tr>
<tr>
<td>Downsizing at my nonprofit organization</td>
<td>5%</td>
</tr>
<tr>
<td>Budget cuts at my nonprofit will eventually eliminate my position</td>
<td>5%</td>
</tr>
<tr>
<td>Other - organizational stability, new challenges, chance to start my own nonprofit organization</td>
<td>26%</td>
</tr>
</tbody>
</table>
daily to socially distressing situations. Studies of low retention among direct care workers suggest that “they leave the industry because of overwhelming workloads, long hours, and too much paperwork” (The Annie E. Casey Foundation, 2003). In a study by Paul Light, which focused on the five human services workforce areas defined by the Annie E. Casey Human Services Workforce Initiative, “81 percent of workers agreed that it is easy to burn out, and 70 percent agreed that there is always too much work to do” (Light, 2003). Further research indicates that the high stress faced by frontline workers “can result in emotional exhaustion, a sense of depersonalization, and feelings of low accomplishment, which in turn may lead to staff burnout and turnover” (Leon and Marcotte, 2001). In addition to the difficulty and stressful nature of the work, other aspects of the job, such as feeling unappreciated, little or no career advancement potential, better opportunities in another field, attainment of higher education, and lack of administrative support, may seem unappealing to many potential and current employees.

**About This Report**

**Goals of Our Analysis**

The goal of the analysis was to find a new policy for employee retention that:

1. **Reduces employee turnover and keeps costs low.**

   Organizations can actually save money by retaining employees, rather than having to constantly recruit and re-train. By retaining their employees more funding can go toward agency programs and services where it is most needed.

2. **Identifies alternatives to raising salaries.**

   Because nonprofit organizations do not often have it in their budget to offer high salaries, they must find alternative ways to retain employees. These alternatives include flexible work schedules, training and professional development, employee
involvement, appreciation and celebration, workplace culture and pay-for-performance, and

3. **Minimizes employee burnout.**

Because a lack of administrative support and excessive regulations and paperwork are main causes of employee burnout, alternatives like mentoring and supporting employees, and streamlining the data collection method, can be an effective way to help reduce staff burnout.

**Evaluation**

*2009 Nevada Nonprofit Compensation Study*

The goal of the methodology is to explore why turnover occurs through collecting quantitative and qualitative data. To evaluate this issue, a number of methods were used. The first was an analysis of the data compiled in the 2008-2009 Nevada Nonprofit Compensation Study commissioned by Nevada Nonprofit News. This was a survey of private, nonprofit organizations throughout the state of Nevada representing various areas including arts, culture, and humanities; education; environment and animals; health; human services; public, societal benefit; and intermediaries. The Nevada Nonprofit News study gives a great background on the subject of nonprofits, compensation and turnover in a more quantitative approach.

Nevada Nonprofit News utilized an electronic survey and received 186 responses. Qualitative data was also included as part of this report. The pertinent quantitative salary data from the report included nine essential positions for operating a nonprofit organization. The study focused on “financially viable organizations,” which were defined as organizations that employ at least one staff member, generate revenues of at least $25,000 or more, and have more than one type of funding source. Of the organizations considered, 61 percent had budgets under
$1,000,000 and 39 percent had budgets over $1,000,000. Despite negative economic factors, many of the organizations have grown their annual operating budgets. Only 18 percent indicated that they had decreased their annual budgets.

**Input From Local Nonprofits**

The Nevada Nonprofit Compensation study, however, did not explain “why” employees left the nonprofits. To supplement the data from the survey, focus groups were conducted with the frontline workers and administrative staff from three local nonprofit organizations who requested anonymity. These focus groups provided important qualitative data including why employees leave nonprofits, and where they relocate to. The research aims to find answers that are more open-ended and in-depth than simple yes or no answers. To find the data appropriate for this type of research three nonprofits that vary in size and operating budget were chosen.

<table>
<thead>
<tr>
<th>Nonprofits Chosen for the Focus Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
</tr>
<tr>
<td>Nonprofit #1</td>
</tr>
<tr>
<td>Nonprofit #2</td>
</tr>
<tr>
<td>Nonprofit #3</td>
</tr>
</tbody>
</table>

The decision was made to conduct focus groups because qualitative answers were needed and employees would be more likely to give longer, anecdotal-based answers to the questions if it was done in person in the form of focus groups. The focus groups were valuable because follow-up questions could be asked and any questions asked by the participants could be answered and clarified. At each nonprofit the participants were split into two different focus groups. The staff was divided depending on their role in the nonprofit. One group was for frontline workers and the other group was for executive directors and administration staff. This allowed anonymity for the groups to speak more open and honestly about their personal experiences without concern about what the other group would think.
The survey administered was unique to the two different groups being studied. The survey for the frontline workers had 12 questions and the survey for the administrative staff had 19 questions. The administrative staff’s questionnaire had some of the same questions as the other focus group, but specific questions to programs and policies were added. The following is an example of some of the questions asked (for a full listing see Appendix A1 – A3).

**Administrative Staff Focus Group Questions**

1. How many frontline staff members have left your agency in the past five years?

2. Of the staff that left, how many were due to reductions in your agency’s staff or the elimination of positions for budget reasons?

3. How has the turnover impacted your agency’s services?

4. Does the mission of your organization play a role in staff retention?

**Frontline Staff Focus Group Questions**

1. What compelled you to accept your current position (salary, benefits, mission of the organization)?

2. Do you think nonprofits in this area pay employees a living wage?

3. Why do you think line-level employees leave nonprofits?

4. What do you think agencies can do to decrease staff turnover?

5. Is the performance of a nonprofit agency affected by employee turnover?

**Findings**

**Responsibilities and Turnover**

The frontline workers at the selected agencies handle tasks such as client intake, case management, outreach services and client eligibility screenings. The participating frontline staff members had been with their nonprofit agencies between six months and 4 years. None of the participants had been with their agency more than five years. Nonprofit Agencies #1 and #2 both
have experienced a high amount of turnover in the last five years. Nonprofit Agency #3 had not seen as much turnover in the same time period.

**Salaries and Benefits**

Frontline staff members from the three selected agencies are paid between $28,000 and $35,000 annually. All of the agencies offer their employees medical, vision and dental benefits. The agencies with the salaries on the lower end of the spectrum paid more of their staff member’s insurance premiums and the agencies with the salaries on the higher end paid a smaller percentage. Each of the agencies also offered their employees paid time off and flexible work schedules. Their frontline workers were allowed additional time off to deal with personal appointments and to deal with the stress of their jobs.

While all of the employees that participated in the focus groups stated that they would like to have an increase in their salary, only one frontline employee stated that they were not paid a living wage. Most workers agreed, “It is enough to pay the bills, but not a lot of extras.” One frontline staff member also said that they felt it was sad that some of their co-workers qualified for the services the agency provided. All of the administrative staff agreed that the salaries and benefits they pay their frontline workers are in-line with what other agencies in Southern Nevada are paying. The agencies also provide staff with merit increases between 3 and 5 percent each year.

**Burnout and Job Satisfaction**

According to the administrative teams, the number one reason for staff turnover was a lack of job satisfaction and unhealthy boundaries with clients. Staff members who are passionate about their jobs and able to deal with the stress usually stay. “No one is in this to make a million dollars. You have to love what you do every day,” one staff member said. All three agencies
stressed that it takes a special type of person to deal with the very demanding populations the agencies serve. Staff members who become too attached, or cannot leave the stress of their clients at the office at the end of the day, are either terminated, or they leave on their own. The frontline staff members agreed that many employees leave because they cannot deal with the stress of the job. When employees learn that they can make more money somewhere else, they leave. “People get overwhelmed by the paperwork and the stress. They say, ‘For the pay I am making, why I am here?’ It is not like anyone is here to get rich. You are here to make a difference. You see it in the people you help,” one staff member said.

Large amounts of duplicative grant reporting and paperwork also lead to staff burnout. Frontline workers are frustrated with having to enter the same information into multiple databases for the same clients; all to meet the requirements mandated by different funders.

Nonprofit Agencies #1 and #3 required its frontline workers to have only a high school diploma and they often hired former clients. By hiring former clients, the agencies were bringing in team members who could relate to the clients and had “walked in their shoes.” Having staff members who could empathize with clients made a huge difference in gaining their client’s trust.

Nonprofit Agency #2 required its frontline workers to have a bachelor’s degree, and the agency has a policy against hiring former clients. This agency feels that their clients are not qualified to do casework. This agency experienced the highest amount of turnover of all of the participating agencies.

Nonprofit Agencies #1 and #3 offer its employees Employee Assistance Programs (EAP) to provide them with counseling to manage the emotional strain they experienced from working with difficult clients. Nonprofit Agency #2, the agency with the highest turnover, did not offer any type of formal counseling to its frontline staff.
Communication and Staff Support

Another tool the agencies used to retain staff is to treat employees with flexibility and to create a family-like atmosphere. Nonprofit Agency #3, which had not seen a lot of turnover, attributed its success to the way administrators treat their staff. The administrative team works to create an open atmosphere where staff feels comfortable sharing their work-related and personal issues. This helps the administrative team to monitor their employees stress levels and to work with them to deal with their issues. The agency also hosts meetings with their staff where they are encouraged to openly discuss issues and to make suggestions on how work efforts can be improved. Staff suggestions are often implemented to improve work processes. The agency also implemented various staff appreciation programs to help staff blow off steam and deal with the stress of their jobs.

The frontline staff from Nonprofit Agency #3 agreed that the administrators were very supportive and they appreciated the agency's open-door policy. Allowing staff to have input on the agency's operations made them feel more like a part of the agency, not just an employee. The staff also enjoyed the staff appreciation events. The events made them feel that the administration was grateful for their efforts.

Nonprofit Agency #2, which experienced the highest number of employee turnover, did not treat their employees in the same manner. The administrative staff felt that their frontline employees were ungrateful and took advantage of their efforts to be flexible with their schedules. The administrative team stated that they also had an open-door policy and provided opportunities for their employees to vent their frustrations and share their opinions. They did not offer a staff appreciation program.
According to the frontline workers from Nonprofit Agency #2, communication with staff is virtually nonexistent and they were unaware of any open-door policy. Workers did not feel as if the administration listens to them or took their thoughts and suggestions into consideration. “Listening and acting are two different things. Following through is a different thing,” one staff member said.

Overall, in two of the participating agencies, both the administrators and the frontline workers seemed to be in agreement about the reasons staff members leave nonprofits. Staff members who are coming into the field with a passion for the work are not discouraged by the pay they receive. Offering staff support and showing appreciation also helps to reduce turnover.

Addressing the Crisis

Recommendations

1. Improve Human Resource Practices

In order to retain frontline workers, nonprofits need to be more selective in the individuals they hire. It takes a special person to do the work of nonprofits, especially with the low pay and the high stress level that comes with the job. Rather than hiring the first person they can find in order to fill a vacancy quickly, nonprofits need to be selective in their hiring and find someone who not only can do the work, but is passionate about it too. More in-depth interviews should be done with potential employees to ensure it is someone who has a passion for the work and understands the demands of the jobs. Time should be taken to find the right person, with the right passion, to provide service for what can be challenging work to an even more challenging clientele.

During the interview process with a potential candidate, nonprofits should take the time to review each of the applicant’s former positions in detail, asking the applicant
where they excelled in their former position and what aspects of their former job allowed their talents and skills to shine. This will give the nonprofit agency a better understanding of the applicant’s strengths, as well as the ability to determine if these strengths will help them to succeed with the organization. Agencies should also ask potential candidates about their passions outside of work. Generally speaking, people who do not have a driving passion about something in their personal life will most likely not bring passion to their work. Another way to test a potential candidate’s passion for their work is to make a statement or bring up a topic that may be controversial to the mission of the organization to determine the candidate’s willingness to stand up for their beliefs. David Sanford, an executive vice president at recruiting and staffing firm Winter, Wyman & Co, said “Passion really comes down to confidence and courage, including a willingness to push back and take an unpopular position if you really believe in it” (Fisher, 2006).

Hiring someone who’s been a former client of the nonprofit is another way that nonprofits can find a person who understands the demands of the job, because they have been on the receiving end of the services. Two of the agencies that participated in the focus groups hired employees from the client base, and the administrative staff said it was extremely helpful in recruiting and retaining employees.

It is also worth noting that educational level should not be a determinant in whether someone gets hired for a frontline position. While a bachelor’s degree may be preferred because it would appear that a person may be more qualified for the position, it may actually hamper the organization’s ability to retain that employee. Someone with a higher education level has more options, and with experience at a nonprofit, could then move on to the government sector where pay is higher.
2. Find Ways to Develop Staff

Although money for training is not always easy to come by, nonprofit organizations need to find creative ways to develop staff and give them opportunities to continue learning that is low cost. For example, nonprofit organizations could provide online training to their employees on topics such as how to become a better leader or to improve their computer skills. One administrative team focus group participant said, “You can teach a person work skills, but you cannot teach them passion.” By offering this type of training that is little cost, the organizations are making an investment in their employees, which leads the workers to feel valued and more likely to stay with the organization. Also, once a position at the nonprofit becomes available that is higher pay, that employee would be qualified and could advance in the organization.

3. Support and Mentor Employees

During the focus group sessions, what was clear was that the organization that had a supportive administration, with an open-working environment where they could question administrative decisions, had a happier workforce and was able to retain employees better. The employees at one of the nonprofits indicated they stayed with the organization because of the leadership of their administration. This shows that the administration in charge of the nonprofit needs to be supportive of its employees and provide opportunities for employees to vent their frustrations and concerns. This type of positive work environment can counteract the fact that the pay is low and conditions are stressful. If it is the nonprofit’s board that is ultimately in charge of hiring someone to run the organization, than they need to choose a leader that has these qualities.
4. **Offer Flexible Work Schedules and Other Benefits**

Higher pay does not seem to be an option for workers, as increasing salaries takes away from the organization’s ability to provide much needed services to their clientele. Therefore, organizations need to offer flexible work schedules, banked holidays and other incentives that cost the organization little to nothing. Flexible works schedules, vacation days and other benefits give workers the time to meet their family obligations, as well as a respite from the stress of the work.

5. **Keep Up with National Trends**

Organizations need to keep up with national trends in terms of what other nonprofit agencies are doing and how they are grappling with similar challenges of recruitment. This is an effective way for organizations to stay abreast of best practices and use what is working at their place of employment. Board members also need to keep up with national trends as it relates to employee salaries, so they can adjust their salaries if possible. If a nonprofit agency is not keeping up with salary trends, that agency will continue to lose employees to organizations that are offering higher salaries. Board members need to be actively engaged in setting salary levels because they are ultimately the ones who will decide on employee salary levels.

6. **Use Volunteers**

While volunteer levels in Nevada and Las Vegas are some of the lowest in the United States, the use of volunteers should still be explored. Nonprofit agencies should further consider how to effectively use volunteers to assist with their day-to-day operations. Often nonprofits see volunteers as a burden, people who have to be trained and closely monitored, and that takes staff time away from program duties and
responsibilities. But qualified, passionate volunteers can be a valuable resource to agencies that cannot afford to hire additional staff members to assist with program and service delivery. Volunteers could assist with the workload and even handle some of the less technical aspects, like data entry. This could free up caseworkers who are bogged down with paperwork and other routine tasks.

7. **Streamline the Data Collection Method**

Employees from the three agencies agreed that data collection was extremely difficult and time-consuming because of the varying and multiple database systems. Most agencies receive funding from multiple sources. Individual funders often ask for the same data on the clients being served using the funding they provide. Agency staff members are asked to input the same information on the same clients into multiple databases to comply with grant requirements. If federal, state and local government agencies could agree on one system for data collection that could be used by all Clark County nonprofits, it would save employees time and energy by allowing them to enter client data one time and still meet all of the data reporting requirements of their funders. This would result in employees not taking so much time to do paperwork and would standardize the process. For purposes of time and effort, there should only be one database that nonprofits could use to access information on clients.

**Conclusion**

In conclusion, in order for nonprofit agencies to be successful, agencies must develop and implement new methods for employee retention. The low pay offered to frontline staff members will continue to be an issue as long as nonprofit agencies are challenged with making the most impact on their clients using very limited resources. In an ideal world, a good strategy for
retaining employees would be to raise their salaries, but with scarce and often restricted funding for most agencies, this will never be an option. However, there are tactics nonprofits can use to increase their employee’s satisfaction in their positions, thereby influencing them to stay with the agency, which does not impact the agency’s budget. While adequate pay for job performance and earning enough money to comfortably support themselves and their families is a strong motivating factor, it is not the primary reason why frontline staff members leave nonprofit agencies. Nonprofit employees are also motivated by the satisfaction they receive from their work, the support of their leadership and the feeling that they are a valued part of the agency and that their thoughts and opinions are heard and appreciated.

The findings of this research point to seven possible recommendations to help retain employees. These recommendations include: improving human resource practices to identify employees with a passion for the organization’s services that will allow them to endure difficult interactions with clients; finding ways to develop staff that can allow agencies to hire passionate employees regardless of their education or prior work experience; supporting and mentoring employees so that they feel like their opinions matter and that they are part of a team; offering flexible work schedules and other benefits in order to minimize burnout from the stress of the job and tend to family obligations; keeping up with national trends so as not to lose employees to higher paying/more proactive nonprofit agencies; using volunteers in an effort to cut down on costs, increase productivity and free up the employees time; and streamlining the data collection method in order to simplify and standardize the data collection process. When implemented, these seven points have the potential to increase employee satisfaction, reduce turnover, minimize employee burnout, increase productivity and improve employee retention overall.
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