



**OPPORTUNITY  
KNOCKS.ORG**

Jobs that change the world

**NONPROFIT**

**RETENTION**

**AND**

**VACANCY**

**REPORT**



**2008**

*“The Pertinent Question is NOT how to do things right –  
but how to find the right things to do, and to concentrate  
resources and efforts on them.”*

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**Peter F. Drucker**

R E T E N T I O N  
&  
V A C A N C Y

The nonprofit sector is comprised of a diverse group of organizations and agencies numbering around 1.5 million, all serving the public in various ways including providing opportunities for volunteering and charitable giving. “When compared to other sectors of the economy, the nonprofit sector accounts for 5.2 percent of gross domestic product (*GDP*) and 8.3 percent of wages and salaries paid in the United States.”<sup>1</sup> Nonprofits employ close to 10 million paid workers which represents about 7.5% of the total US workforce. Add to that the recipients of services, volunteers, and philanthropists, and it’s easy to see that the health of the sector affects an increasingly large number of people.

Staff turnover and retention rates are concerns for all employers, but how can you make sense of the onslaught of conflicting information, some suggesting

that nonprofits are facing an employment crisis and others describing a robust sector which attracts throngs of eager potential employees? Does the nonprofit sector have an issue with retention? Why do nonprofits experience turnover? Is it part of a national shift in attitudes about loyalty to employers or a shortage of trained personnel? Is it a sector wide issue or something impacting only particular types of nonprofits? What about the change in how people view staying in a particular job for more than a few years?

The issue of staff turnover is complex and involves factors over which nonprofit leaders have no control. The trick is to identify those areas that can be influenced and design effective strategies for doing so. How many nonprofits have well thought out hiring methods? Do exit interviews? Assess the work environment and make improvements on a regular basis?

1. National Center for Charitable Statistics at the Urban Institute, “The Nonprofit Sector in Brief,” 2007, [www.urban.org](http://www.urban.org).

Opportunity Knocks (OK) receives many requests from nonprofit employers for data to compare themselves to determine if the turnover in their organization is “normal”. To provide nonprofits with updated valuable information and suggestions for addressing turnover and vacancy rates, Opportunity Knocks (OK) conducted its own survey. It was our goal to find the answers to the following questions:

- ⊙ What are the turnover rates for OK’s nonprofit employers?
- ⊙ Why are employees leaving?
- ⊙ Where are they going?
- ⊙ Are nonprofits concerned about turnover rates and what are they doing to address the issue?

The report and its findings will give your organization a benchmark against which to measure how you are doing with turnover and retention. It will guide your decision makers in developing ways to retain valuable employees. And finally, we’ve added recommendations for stemming the tide of employee departures.

## METHODOLOGY

Opportunity Knocks sent surveys electronically to all its registered employers who had the month of October 2007 to complete them. Four hundred twenty five surveys were returned and used in the data analysis for this report.

Turnover rate, for the purposes of our report, is defined as the rate at which employees leave an organization whether it was voluntary or involuntary through termination, resignation or lay offs. Percentages were calculated using data from a 12 month period based on the number of those who left and the average number employed during that 12 month period.

## KEY FINDINGS

- ⊙ The average turnover rate for all nonprofits in the OK survey was 21%.
- ⊙ As the size of the organization and budget increase, the turnover rate decreases.
- ⊙ Despite their turnover rates being proportionately lower than smaller organizations, larger organizations perceive retention and turnover to be a more severe problem than smaller organizations do.
- ⊙ Nonprofits have much more turnover at middle and entry level positions than at the top.
- ⊙ Turnover is highest in Human Service and Youth Development organizations.
- ⊙ Vacancy rates are highest in Administrative and other Support positions followed by Specialists/Professional positions and Program Managers.
- ⊙ One fourth of all positions with the exception of Membership Managers reported still being open 4 months after the previous employee vacated the position.
- ⊙ A competitive job offer was the reason most often cited for an employee leaving a position followed closely by termination.

## FINDINGS

### A. Description of the Respondents

The 425 organizations that returned the survey reflect the broad array of nonprofits across the United States with budgets ranging from \$100,000 to over \$5 million. The total number of paid employees in respondent organizations ranged from one to 1,500. Eighty one percent of respondents were hiring managers within their organizations. Respondent nonprofits represented a number of different disciplines with the largest number of responses coming from Human Service organizations followed closely by

Education, and then Arts, Culture and Humanities nonprofits. These three categories comprised over 50% of respondents. In addition, equally represented in smaller numbers were Health Care; Community Improvement and Capacity Building; Youth Development; Civil Rights, Social Action and Advocacy; and

Philanthropy, Volunteerism and Grant Making Foundations. The number of organizations from each of the top categories in the OK survey respondent base closely aligned with the number of that type of nonprofit in the entire sector when compared with information from the National Center for Charitable Statistics.

**CHART 1.**

Organization Annual Operating Budget	Number of Respondents	Percent of Respondents
Under \$99,999	6	1%
\$100,000 to \$499,999	67	16%
\$500,000 to \$1,999,999	142	33%
\$2 million to \$4,999,999	92	22%
\$5 million or more	101	24%
Unknown	17	4%
<b>TOTAL</b>	<b>425</b>	<b>100%</b>

*Finding a way to reduce turnover rates can be a simple way to decrease the costs of running a nonprofit, but requires dedication and an investment on the part of the employer.*

### B. Turnover Rates

In the OK survey, turnover rates are based on the number of people who leave an organization within a year's time. The impact of these rates on an organization depends on which positions are vacated, for how long, and how often. Regardless of the data, all turnover has inherent costs which include the costs of advertising open positions, screening resumes, conducting interviews, training new employees, lost productivity due to unfilled positions and the time it takes for new employees to adapt. Finding a way to reduce turnover rates can be a simple way to decrease the costs of running a nonprofit, but requires dedication and an investment on the part of the employer.

The average turnover rate for all nonprofits in the survey was 21%. This figure is fairly comparable to the 29% turnover rate listed for industries most likely to be part of the nonprofit sector (*Health Care and Social Assistance as well as Education and Health Services*) in the data from the U.S. Department of Labor Bureau of Labor Statistics. In contrast, several other private and corporate/for profit industries in the Department of Labor's statistics<sup>2</sup> had much higher turnover rates. (see chart 2 page 4)

2. U.S. Department of Labor, "Job Openings and Labor Turnover Survey," 2006, [www.bls.gov](http://www.bls.gov).

**CHART 2**

Bureau of Labor Statistics Industry	Total – Sept. 06
Health care and social assistance	29%
Education and health services	28%
Trade, transportation, and utilities	45%
Total private	45%
Manufacturing	31%
Finance and insurance	26%

Source U.S. Department of Labor, “Job Openings and Labor Turnover Survey” 2006 Data, [www.bls.gov](http://www.bls.gov)

*... larger nonprofits perceive turnover as a greater problem for the organization than smaller nonprofits whose turnover rates were actually greater in comparison.*

You can see by the data in Chart 3 (*below*) that as the size of the organization grew, the turnover rates decreased. Despite this fact, the OK survey found that larger nonprofits perceive turnover as a greater problem for the organization than smaller nonprofits whose turnover rates were actually greater in comparison.

For example, 57% of large nonprofits with budgets of \$5 million or more that had turnover rates of

21% reported that they perceive employee retention as a problem for the organization. In contrast, only 37% of respondent organizations with budgets of \$100,000 to \$499,999 believed that turnover is a problem for them even though their rates were higher (28%).

This may be a result of the fact that smaller nonprofits become accustomed to the higher rates of turnover as the norm. It could also be attributed to the resources available in larger nonprofits which may allow them to offer employees more desirable amenities, greater financial stability, and more room for advancement driving the expectation that turnover rates should be lower. Large organizations tend to have more formal human resource structures in place to design well thought-out ways to intervene and address the turnover issue keeping the issue front and center at all times.

**CHART 3**

Organization Annual Operating Budget	Average Turnover rate per operation budget	Percent that do consider Retention a problem for their organization
\$100,000 to \$499,999	28%	37%
\$500,000 to \$1,999,999	23%	31%
\$2 million to \$4,999,999	21%	47%
\$5 million or more	21%	57%

Not surprisingly, Youth Development and Human Services organizations had the highest turnover rate of all organizations surveyed. The vast majority of nonprofits are Human Services organizations and both those and Youth Development agencies are often addressing complex, intransigent issues frequently without the ability to measure the impact of programs and services provided. Couple that with compensation that is not always competitive, and you have ripe conditions for people revolving in and out of an organization.

Chart 4 (shown on the right) illustrates that the remainder of the types of nonprofits that were top responders all had less than the average turnover for all nonprofits (21%), although for some, not by much. Chart 5 illustrates how all of the top responders except for one (*Community Improvement and Capacity Building organizations*) had significant numbers of respondents who believed that turnover rates were problematic for the organization.

### C. The Impact of Vacancy

Turnover is not the only important issue to be considered when examining the impact of staff departures on an organization. What position is being vacated and how long it remains vacant can dramatically affect the impact of turnover. The impact of an Executive Director or Development Director position being vacant for more than several months will impact an organization in a very different way than support or administrative staff positions. As a result, the OK survey also looked at the types of positions that were most commonly vacated, and for how long.

**CHART 4 – Top Responders with Reported Turnover Rates**

Organization Classification	Percent of Total Respondent Base	Average Turnover
Human Services	18%	28%
Education	13%	13%
Arts, Culture and Humanities	11%	17%
Health Care	7%	16%
Community Improvement & Capacity Building	5%	20%
Youth Development	5%	37%
Civil Rights, Social Action and Advocacy	5%	15%
Philanthropy, Voluntarism & Grant making Foundation	5%	18%
Housing & Shelter	4%	18%

*In general, management level positions seemed to have fewer vacancies than professional or specialists' positions with the exception of Program/Service Delivery and Development and Fundraising management positions.*

**CHART 5**

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Community Improvement & Capacity Building	5%	20%
Youth Development	5%	37%
Civil Rights, Social Action and Advocacy	5%	15%
Philanthropy, Voluntarism & Grant making Foundation	5%	18%
Housing & Shelter	4%	18%

The 425 nonprofits that responded had 521 total positions reported currently vacant with almost 25% of those being administrative or support staff. Only 2% of top management (*Executive Director, President or CEO*) were vacant at the time of the survey. In general, management level positions seemed to have fewer vacancies than professional or specialists' positions with the exception of Program/Service Delivery and Development and Fundraising management positions. In those two categories, vacancy rates were significantly higher than other management positions reported.

Vacancy rates for development personnel can most likely be attributed to the fact that they are in short supply and high demand. Program managers, especially in the Human Services arena, are often immersed in stressful situations with pressing needs and insufficient resources to meet them. One might speculate that high vacancy rates have to do with the challenging situations in which these managers find themselves. Vacant positions, especially if they remain so for longer than several months, can have far reaching impact ranging from the need to cancel programs to reduction of staff and other infrastructure.

*"Have had a terrible time finding/keeping an administrative assistant. In the 2.5 years since the position was created we've had five people."*

*OK Survey Respondent Comment*

**CHART 6 – Positions and Vacancy Rates**

Position Reported Vacant	Number of Positions Reported	Percentage of Total Positions Reported
All other non management (Admin and Support)	126	24.18%
Professional/Specialist	92	17.66%
Program/Service Delivery Management	81	15.55%
Development & Fundraising Management	54	10.36%
Non managerial coordinator (i.e. development)	35	6.72%
Marketing/Communications	32	6.14%
Operations Management	30	5.76%
Finance and Accounting Management	25	4.80%
Information Technology Management	15	2.88%
ED/CEO/President	11	2.11%
Membership Management	9	1.73%
Volunteer Management	8	1.54%
Human Resources Management	3	0.58%
<b>TOTAL</b>	<b>521</b>	<b>100%</b>

Vacancies in administrative support positions can be understood in a number of different ways including low salaries and demanding positions, and the flexibility to be able to cross sectors into the corporate world unlike a professional who may specialize in the work of nonprofits. Continual hiring and training of support staff not only has a significant cost, it disrupts the efficiency of the agency, delivery of its programs and quality of services.

Of the positions that reported vacancies in the survey, the two types that tended to remain vacant the longest were the Executive Director/CEO and Marketing/Communications positions followed closely by Information Technology and Operations managers. Positions requiring more in-depth or specialized training or long term experience took longer to fill because of fewer people with the necessary qualifications. Qualified

applicants for these positions in particular can often also choose to work in the profit sector which makes the competition for these individuals even stiffer. Although Marketing/Communications and Information Technology jobs have a fairly low vacancy rate, they tend to stay unfilled longer.

Sixty one percent of all positions in the survey reported vacant experienced the vacancy in the first two years of

the employee’s tenure at the organization. There are many possible reasons for this including a bad fit for the employee or employer, flaws in the initial recruitment processes such as an inaccurate job description, a lack of mentoring or support, inadequate orientation and training to the position, or the shift in American society to a work world in which people view staying in a job longer than 4 or 5 years as “stagnation.”

**CHART 7 – Positions and months they remain open**

Vacant Positions and Months They Remain Open	One Month	Two Months	Three Months	Four Months
All other non management (Admin and Support)	51%	17%	8%	24%
Professional/Specialist	42%	16%	18%	24%
Program/Service Delivery Management	47%	16%	6%	31%
Development & Fundraising Management	42%	19%	13%	26%
Non managerial coordinator (i.e. Development)	48%	17%	9%	26%
Marketing/Communications	36%	13%	13%	38%
Operations Management	30%	27%	10%	33%
Finance and Accounting Management	44%	24%	4%	28%
Information Technology Management	40%	20%	7%	33%
ED/CEO/President	19%	18%	27%	36%
Membership Management	67%	11%	11%	11%
Volunteer Management	50%	25%	0%	25%

*“As a small non-profit our strategy has always been to hire really good people who need the experience (or a change in environment) knowing that in 2-3 years they will move on to positions with more responsibility.”*

*OK Survey Respondent Comment*

**D. Reasons for Leaving**

When polled about why employees left, a “competitive job offer” was the number one reason for leaving followed closely by “termination.” As research has shown over the years, the OK survey results also indicate that

“salary”, in and of itself, is not a major driving force in an employee vacating a position, although it is most likely a factor in accepting a “competitive job offer.” The majority of organizations who responded to the survey

lost employees to other nonprofits indicating that the organization, and not the sector, was the issue (See *Chart 10 page 10 for Where Exiting Employees Go*). Human resource practices regarding recruitment, hiring and retention are critical to an organization's success. However, retaining qualified and competent employees by keeping them satisfied is primarily a responsibility of managers, and they should be trained accordingly.

The third and fourth most common reasons for an employee's departure listed in the survey were "Dissatisfaction" and "Personal/Family Reason." Both of these answers point to a need to better understand what it is that people want and need in a job with regard to personal growth and satisfaction as well as

work/life balance. This information can be accessed with solid recruitment practices. Other reasons include relocation, returning to school, and changing fields, all factors over which employers have little or no control. Focusing efforts on creating a work environment that supports employees and their growth is a good antidote to high turnover rates.

For all respondents of the survey, the top reason for leaving in the first year was "termination" followed by "competitive job offer" (See *Chart 9 page 9 for Number of Years Employee had been in position and Top Reasons they left*). Reasons for leaving remained consistent over the years of employment. Employees who left after at least a year or up to 10 years or more all listed

*"Addressing needs of working parents, particularly mothers is important."* OK Survey Respondent Comment

**CHART 8**

Reasons For Leaving	Total Respondents	Percent of Total
Competitive Job Offer	95	20%
Terminated	81	17%
Dissatisfaction	56	12%
Personal / Family Reason	56	12%
Moved	38	8%
Schooling / Continued Education	31	6%
Unknown	30	6%
Limited professional growth potential	26	5%
Salary	25	5%
Conflict with supervisor	19	4%
Field Change	19	4%
Conflict with co-workers	4	1%
Conflict with Board	3	1%
<b>TOTAL Respondents</b>	<b>483</b>	<b>100%</b>

**CHART 8A – Reasons for Leaving and Percentages of Total**

Reason for Leaving	Top Reported Positions	Percentage of Total
COMPETITIVE JOB OFFER (Total of 95 Respondents)	All other non management (Admin and Support)	23%
	Professional/Specialist	21%
	Development & Fundraising Management	16%
	Other positions	40%
TERMINATED (Total of 81 Respondents)	All other non management (Admin and Support)	36%
	Program/Service Delivery Management	17%
	Professional/Specialist	12%
	Other positions	35%
DISSATISFACTION (Total of 56 Respondents)	All other non management (Admin and Support)	23%
	Professional/Specialist	23%
	Development & Fundraising Management	14%
	Other positions	40%
PERSONAL/FAMILY (Total of 56 respondents)	Professional/Specialist	20%
	All other non management (Admin and Support)	18%
	Program/Service Delivery Management	11%
	Operations Management	9%
	Other positions	42%

“competitive job offer” as their reason for leaving. Apparently, a competitive job offer will be attractive regardless of the length of time an employee has been in his/her job. Longevity is obviously not enough to persuade an employee to stay although the quality of the experience may be.

**CHART 9 – Top Reasons for Leaving by Most Reported Positions**

Number of Years in Position	Reason for Leaving	Percentage of Total
Less than 1 Year	Terminated	28%
	Competitive Job Offer	17%
1 - 2 Years	Competitive Job Offer	19%
	Dissatisfaction	13%
2-4 Years	Competitive Job Offer	26%
	Personal/Family Reason	12%
5 - 10 Years	Competitive Job Offer	15%
	Terminated	15%
	Personal/Family Reason	15%
10 Years or More	Personal/Family Reason	30%
	Competitive Job Offer	17%

*E. Where former Employees Went*

Surprisingly, over 1/3 of nonprofits in the OK survey reported that they do not know where their exiting employees went (See chart 10 on page 10). This indicates that a significant number of nonprofits are either not doing exit interviews or that “termination” is a major reason for departure and their next destination may not be tracked. One quarter of respondents (the second largest group) reported that their

former employees went to another nonprofit. It is interesting to note that the biggest single competitor for nonprofit employees are other nonprofits. While you may not be able to compete with the salaries and benefits in the profit sector where 13% of exiting employees in the survey went, you can determine how your organization can retain those employees who go to other nonprofits.

**CHART 10 – Where Exiting Employees Go**

Reasons For Leaving – Where did they go?	Total Respondents	Percent of Total
Unknown	166	35%
Another Nonprofit Organization	118	25%
Not working / Home	63	13%
For Profit Company	57	12%
College / Educational Institution	46	10%
Self employment	30	6%
<b>TOTAL Respondents</b>	<b>480</b>	<b>100%</b>

*“We find the biggest problem is dealing with the amount of college/graduate school debt new hires face. They need to leave to find better paying consulting jobs, sometimes in the for-profit sector.”*

*OK Survey Respondent Comment*

*Note: Please see Eligibility for College Cost Reduction and Access Act of 2007 outlined on Opportunity Knocks Resources*

*F. How nonprofits are responding*

As reported earlier, almost 1/2 of all nonprofit respondents consider turnover to be a significant problem. The number one response when asked how respondents are addressing turnover was to redefine job roles and responsibilities, followed closely by increasing salaries, professional skills set training, reorganization of staff structure, and work hour flexibility. You can see in the charts below that some companies went above and beyond the call of duty to show their employees how important they are to the health of the organization.

*The number one response when asked how respondents are addressing turnover was to redefine job roles and responsibilities, followed closely by increasing salaries, professional skills set training, reorganization of staff structure, and work hour flexibility.*

**CHART 11 – What Organizations are Doing to Counter Turnover**

What Organizations are doing to Counter Turnover	Total Respondents	Percent of Total
Increasing salaries	118	14%
Work hour flexibility	98	11%
Adding competitive benefits	79	9%
Survey employee satisfaction	57	7%
Professional skills set training	109	13%
Bringing in outside consultants	42	5%
Addressing culture of organization	76	9%
Seeking input from board	42	5%
Redefining job roles and responsibilities	139	16%
Reorganization of staff structure	103	12%
<b>TOTAL RESPONSES – Multi choice</b>	<b>863</b>	<b>100%</b>

*G. Recommendations*

The basics of what people want from a job have been well documented over the years: opportunities to grow and learn, challenging and interesting work, fair compensation with benefits, and a good work environment with great people.

This information coupled with the OK survey results and industry best practices led to the following suggestions to combat turnover and retain good employees.

**FIRST, CALCULATE YOUR OWN TURNOVER RATE:**

In order to address the issue of turnover, you first have to have a clear sense of the magnitude in your organization. Using the equation below, calculate the turnover rate (*as a percentage of total employees*) in your nonprofit. Total number of employees who leave includes those who left voluntarily as well as those who left involuntarily through layoffs or discharges.

**Average Turnover Rate:**

$$\frac{\text{Total number of employees who leave in one year} \times 100}{\text{Average total number of people employed in that year}}$$

**What Other Efforts Nonprofits  
Have Indicated Are In Place**

- ⊙ Wellness program for employees
- ⊙ Supervisor training
- ⊙ Succession Planning
- ⊙ Strategic planning after a merger
- ⊙ Strategic Planning
- ⊙ Staff appreciation program
- ⊙ Revisiting our educational programs
- ⊙ Review of hire process
- ⊙ Recruiting and discharge process
- ⊙ One-time bonus
- ⊙ New Performance Recognition Program
- ⊙ Employee Assistance Program
- ⊙ Allowing parents to bring their newborns to work with them up until the age at which the baby is crawling
- ⊙ Additional seasonal staff positions
- ⊙ A culture of community and balance

**DO A FULL AUDIT OF YOUR RECRUITMENT AND HIRING PROCESS:**

Interviewing and hiring employees requires a specific set of skills. Make sure you don't relegate this task to someone who doesn't have those skills. Getting the right employees and keeping them is one of the most important tasks your nonprofit will undertake – assign the task accordingly. Consider how you are attracting candidates and whether those techniques are working. Are you casting a net wide enough with your chosen

recruitment partners and agencies to attract qualified candidates? Make sure the jobs you're seeking to fill are clearly defined and easy to understand. Consider a team approach to hiring so more than one individual interacts with prospective employees. If you have the time, bring prospects in more than once, and give final candidates an opportunity to “walk the halls” so they can discern whether or not your nonprofit is a good fit. It is standard practice to request references from candidates, but how many hiring managers actually call these references and do the research. Employee Referral programs can be a critical part of an organization's word of mouth strategy and are often overlooked.

*ASK THE LEADERSHIP TO TAKE A LONG, HARD LOOK AT ITSELF (and join them if you are part of the leadership team):* Staff (and often board) leadership at the top of the organization sets the tone and culture of the work place. In a work world of low loyalty, high mobility, and increasing willingness to change jobs, creating an appealing work environment is critical to decreasing turnover rates. Good leaders take responsibility for the success of the organization and its employees. They work hard at creating a culture in which everyone can succeed, and know that they must continuously develop themselves. Ongoing work on interpersonal skills should be part of the portfolio of all top leadership. A good leader has enough self awareness to read and regulate her or his own emotions while also understanding how others feel. A leader's behavior should express the values they espouse on behalf of the organization. All leaders should do an honest assessment of their leadership style and effectiveness, and make corrections accordingly.

*Are you casting a net wide enough with your chosen recruitment partners and agencies to attract qualified candidates?*

**BEGIN A DISCUSSION ABOUT TURNOVER AND VACANCY BETWEEN THE EXECUTIVE DIRECTOR, SENIOR STAFF AND THE BOARD OF DIRECTORS:**

As much of the organization's leadership as possible should be involved in the strategizing about how to address the turnover and vacancy rates in your nonprofit. Senior leadership is the steward for the organization and as such should be part of addressing its problems. Board members can provide information on how turnover is addressed in other industries including best practices garnered from their own personal experiences. They can also help define the process for surveying employee satisfaction, design employee appreciation strategies, and methods for training and continuing education.

**CLARIFY AND REDEFINE ROLES IN YOUR NONPROFIT:**

People in nonprofits are often underpaid and overworked. Do an honest assessment of the positions in your organization and make sure the expectations are achievable and clear. "High expectations can lead to improvement – until the expectations become unrealistically high. That causes overload, stress, and diminished performance."<sup>3</sup> Once the right expectations are in place, make sure there are strategies in place to help employees succeed in meeting them, i.e. feedback, training, and support. When nonprofits lose resources, i.e. a grant does not get renewed, etc. they often expect employees to "do more with less" instead of restructuring or redefining the scope of work. This can be a recipe for burnout for remaining employees.

*Do an honest assessment of the positions in your organization and make sure the expectations are achievable and clear.*

**ACTIVELY WORK ON CREATING A GOOD WORK ENVIRONMENT:**

In numerous studies, employees define a good work environment as one in which the expectations and values of the organization are clear, their work is valued, they receive quality supervision, are able to speak their minds openly, use their skills and talents, and have room to grow. Ask employees regularly and often what is working and what isn't. Involve them directly in setting expectations – people are more committed to objectives they've helped define. Talk to top performers and find out why they stay and what makes them successful. Be a detective about all aspects of your nonprofit, continually gathering information about how to improve the less tangible aspects of the work place like the atmosphere (are people generally content or is there a lot of griping going on?). Make sure that you and other leadership practice what you preach. Build trust with employees by explaining why their work is important but leaving how to accomplish it up to the employee. You'll get more ownership of the outcome that way.

*"We've worked hard here to build a supportive and open culture where everyone feels like they have a voice." OK Survey respondent comment*

3. Lauren Keller Johnson, "Great Expectation: The Key to Great Performance?" Harvard Management Update, Vol. 9, No. 5, May 2004.

**DO A FORMAL SALARY AND BENEFITS REVIEW:**

Scan the environment and look at what other comparable nonprofits are offering their employees. Like other research, this survey shows that a significant number of employees who leave their jobs go to other nonprofits signifying that becoming competitive in compensation may help with retention. Make sure when you interview potential employees you explain the actual dollar value of the position taking into consideration the worth of all the benefits including money the employee can save through items such as free parking, etc. Highlight those things you offer that other nonprofits don't such as domestic partner benefits or converting vacation time into pay.

**MONITOR EMPLOYEE SATISFACTION LEVELS:**

You can't stem the tide of turnover unless you know why it's happening so poll all your employees. Instead of coming up with a "cure" before the diagnosis, find out what your staff truly thinks about their work environment, jobs, supervisors, etc. Give employees the opportunity to comment on the work environment, i.e. the actual physical space, availability of supplies and appropriate technology, as well as things like how conflict is addressed, how managers treat their employees, how innovation and risk taking is viewed, whether leadership is inspirational, etc. But don't ask unless you're truly willing to act on the information. There's nothing that can kill morale better than asking for feedback and not acting on it. Make sure to talk with management and executive staff as well about their own satisfaction. And use an outside consultant if necessary to make sure you can consistently monitor employee satisfaction levels.

*Instead of coming up with a "cure" before the diagnosis, find out what your staff truly thinks about their work environment*

**REQUIRE ANYONE WHO MANAGES PEOPLE TO DO ONGOING MANAGEMENT TRAINING** *(and if you're the CEO or Executive Director, do it yourself as well):*

Research has repeatedly shown that one of the top reasons for leaving a job is not getting along with a direct supervisor. Retention is primarily a management and not a human resources issue. Research by Beverly Kaye and Sharon Jordan-Evans with over 15,000 respondents found that "most retention factors are within managers' influence."<sup>4</sup> Being a good manager, like anything else, requires certain skills and takes ongoing learning and practice. Anyone who manages people should be carefully trained just as you would train program managers or other specialists to do their job. Teach supervisors how to be good coaches and managers by providing ongoing training on issues such as conflict resolution, giving effective feedback, empowering employees to perform, etc. And always hold managers accountable for their own behavior and for ignoring or tolerating unacceptable behavior on the part of others.

**OFFER PROFESSIONAL AND CAREER DEVELOPMENT OPPORTUNITIES DESIGNED OR CHOSEN BY EMPLOYEES:**

Studies have shown that employees often leave a work place when there is a lack of career growth or challenging opportunities. All employees, together with their managers, should have the opportunity to create a professional development plan to guide learning, discuss career aspirations, and a vision for their growth in the organization. Use assessment tools if necessary to identify employee strengths and weaknesses and develop action plans for improvement. Consider initiating a formal coaching program (especially for new employees) to teach and share skills among team or department members.

4. Beverly Kaye and Sharon Jordan-Evans, "Engaging the Massive Middle," 2007, [www.careersystemsintl.com](http://www.careersystemsintl.com)

CONSIDER HOW TO OFFER THE MOST FLEXIBILITY POSSIBLE TO EMPLOYEES:

Flexibility is highly prized by some employees and can be the key to retaining talented people. Explore how other work places offer their employees flexible hours, locations (*the opportunity to work from home*), job-sharing, or family or pet friendly environments. There are many strategies for showing your employees that not only do you care about their preferences, you also trust them to get the work done regardless of where or when they do it.

CREATE A SYSTEM FOR RECOGNIZING AND APPRECIATING STAFF

Many employment studies indicate that one of the highest ranking motivators for wage earners is recognition. Recognition by a superior is more likely to create employee loyalty in an employee than a higher salary for an employee that receives no such recognition.

*“Universally, it always seems to be a challenge to match expectations (both company and employee) with the work environment realities. Pay is not nearly a problem as is this issue.”*

*OK Survey Respondent Comment*

People put a premium on hearing that their work is appreciated and recognized, and it can be a low cost way of building retention rates. The key is finding out how employees like to be recognized and responding accordingly. Not everyone likes his face plastered on the company bulletin board underneath a caption reading “Employee of the Month.” For some, it may be an extra paid day off. For others, public recognition at a staff meeting may do the trick. The important thing is to have a system of recognition and reward for all levels of the organization that realistically links performance with reward. Leave room for spontaneous surprises like a set of tickets for everyone to the movies after an especially grueling month of work. A staff run committee for identifying achievement and how to recognize and reward is often a good way to go. And remember that recognition and appreciation should be a daily thing as well. Managers should constantly affirm, validate and express thanks for high performance.

PLAN FOR DEPARTURES, VACANCIES AND HIRING NEW EMPLOYEES AS AN ONGOING EFFORT:

The average turnover rate in the OK survey is 21%. That means that an organization with 50 employees could have 10 or 11 vacancies within a year’s time. At this average rate, an organization with only 10 employees could expect to have 2 to 3 positions vacant at any point in time. Hiring and orienting new employees in addition to planning for the departure of those exiting has to be an ongoing process that is considered part of the cost and practice of running a nonprofit. Viewing vacancies as a normal part of doing business means budgeting for administrative and other staff time spent to hire new employees as well as process departures and new hires. It also means minimizing the negative impact on remaining employees by using temporary workers where appropriate, identifying work that could be delayed or put on hold, or giving bonuses to employees who pick up extra work in the interim.

*Hiring and orienting new employees in addition to planning for the departure of those exiting has to be an ongoing process that is considered part of the cost and practice of running a nonprofit.*

#### DO RETENTION INTERVIEWS AS WELL AS EXIT INTERVIEWS:

Gathering information from departing employees can be extremely valuable. Conduct (or hire an external firm to conduct) a formal exit interview with each departing employee to determine what might need to change about the position being vacated. You can learn critical information in these interviews that can help stem the tide of turnover if acted on appropriately. Equally important, identify those employees you want and need to keep or who have been with you for a long time, and interview them as well. Ask them about how to make their jobs even better, what they would change about the organization, and other topics. Find out why they stay and what would make them consider leaving. Not only will you get valuable data, asking for input shows your interest in their wellbeing and job satisfaction.

#### HAVE A SUCCESSION PLAN FOR TOP POSITIONS:

Succession planning means having a written accounting of each job's responsibilities, procedures and policies when it is reasonable and possible to document. It's critical when individuals leave the organization that the key knowledge of the position stays within the nonprofit. Relationships built by the departing employee should be institutionalized enough that they can be continued by someone else in the organization. When possible, maintain enough of a relationship with the individual leaving to be able to ask critical questions and gather important information after s/he leaves.

#### CONSIDER IMPLEMENTING A MENTORING PROGRAM:

According to Beverly Kaye and Sharon Jordan-Evans in a recent article, "People with mentors are twice as likely to stay [in jobs] as those without." Mentoring includes the ability to relate one's own experiences, guide an employee through difficult or complex decision making, provide experience based insight, create access for mentees to others to whom they would not have access, and be a sounding board for issues that ordinarily wouldn't be discussed openly. Key to succeeding in these types of programs is identifying who to match with whom, training mentors, managing mentee expectations, and establishing routine meetings.

#### CONCLUDING REMARKS:

The nonprofit sector is a major employer of paid workers and a place where vast number of volunteers are engaged. Although the nonprofit sector has reasonable turnover in comparison to the US labor market as a whole, recruitment and retention issues are leading concerns for the sector and require considerable human and other resources to address. As job loyalty continues to decrease and longevity in a position is increasingly viewed as "stagnation," it stands to reason that turnover will continue to drive a talent war in which all nonprofits are engaged. Putting a concrete plan in place with effective strategies for addressing retention is key to recruiting the best, qualified employees and keeping an engaged workforce.



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50 HURT PLAZA, S.E., SUITE 845 • ATLANTA, GA 30303 • [WWW.OPPORTUNITYKNOCKS.ORG](http://WWW.OPPORTUNITYKNOCKS.ORG)