2015 UST Nonprofit Employee Engagement & Retention Report

A Survey of Nonprofit Executives, Supervisors and Staff

UST | Serving Nonprofits Since 1983

About the Survey

Objective: To understand the relationship between a nonprofit's turnover and its employee engagement and retention strategies. *What is working?*

Now the third largest employer in the U.S. and growing[1], the nonprofit sector is crucial to the nation's workforce. The Unemployment Services Trust (UST), an organization dedicated to helping nonprofits lower their turnover costs, surveyed nonprofit executives, supervisors and non-supervisory employees to learn what factors contribute to job satisfaction, what strategies drive engagement, and how these affect employee retention within the nonprofit sector.

The 2015 Nonprofit Employee Engagement and Retention Survey utilized multiple choice and open-ended comments to gather data from nonprofit employees across the United States, representing diverse job titles and sub-sectors (see page 23). Conducted over three and a half weeks beginning June 23, 2015, 1,270 nonprofit employees completed all questions in the survey out of 1,515 respondents who began the survey.

The survey was deployed through multiple mediums, including to UST's 2,000+ nonprofit member organizations, to select subscribers of The Nonprofit Times, through social media at twitter.com/USTTrust and through the help of UST's 80 nonprofit association Affinity Partners, a list of which can be viewed at www.ChooseUST.org/Sponsors.

For the purposes of this report, we will refer to supervisors and executives as "supervisors" and non-supervisory employees as "employees."

The study highlights both employment trends within the nonprofit sector and correlations between employee engagement and turnover with various factors such as compensation, communication, culture, and hiring practices. It also includes open commentary by UST with suggestions for interpretation of the data and how it can be utilized by nonprofit employers to inform their employee engagement and retention strategies.

The correlation coefficient "r" measures the strength of a linear relationship between two sets of data throughout the report. The chart at right defines the values for reference.

r value	correlation strength
0 to .10	Tiny
.10 to .25	Small
.25 to .50	Medium
.50 and up	Large

Contributors

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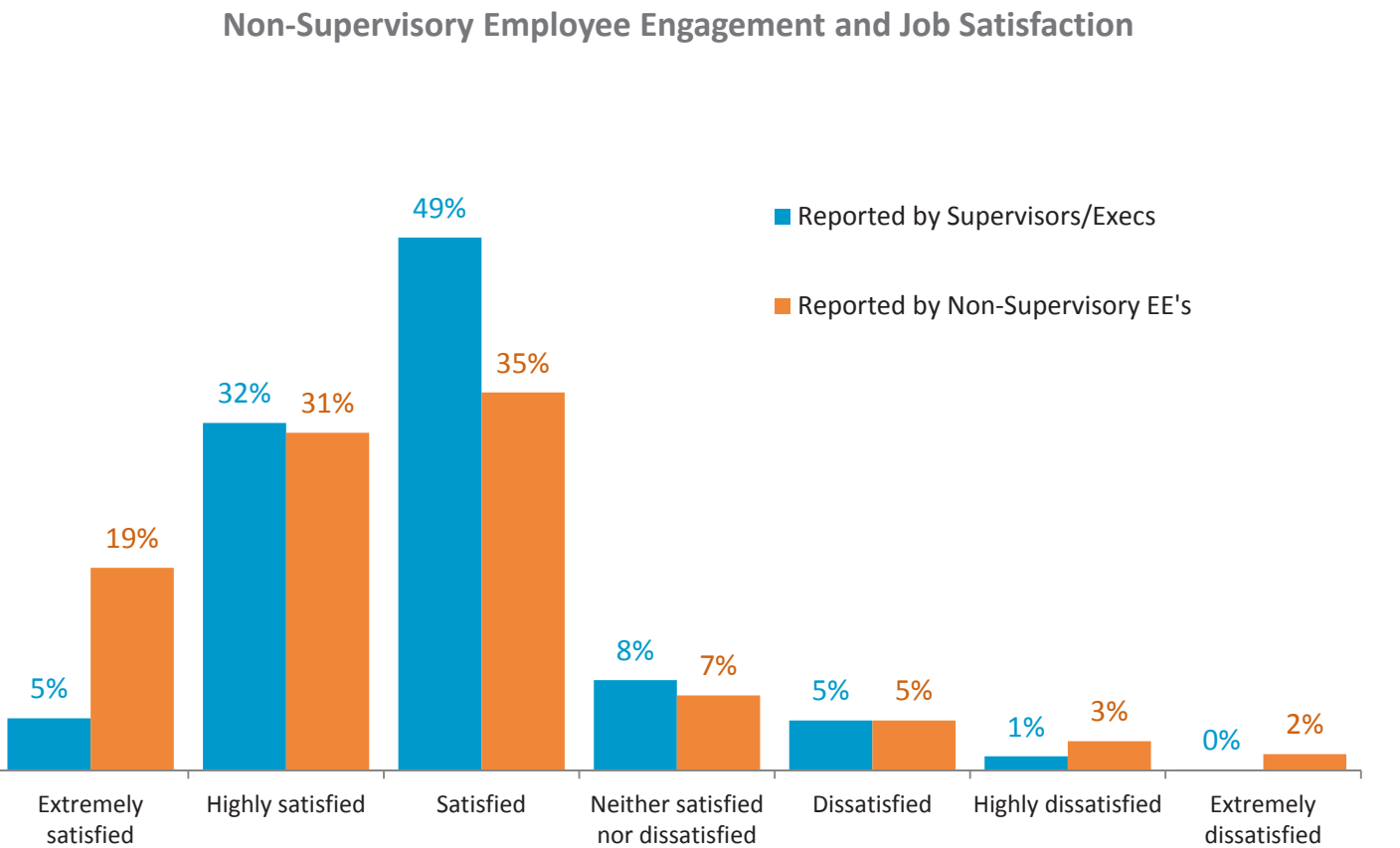
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1.   "Holding the Fort: Nonprofit Employment During a Decade of Turmoil," Johns Hopkins University, January 2012. http://ccss.jhu.edu/wp-content/uploads/downloads/2012/01/NED_National_2012.pdf

Nonprofit Employee Job Satisfaction & Engagement

Nonprofit employees have a high level of job satisfaction and engagement. As seen in Figure 1, the majority report being "Satisfied," a third of employees are "Highly Satisfied," and more employees (referred to in the legend below and throughout the report's graphs as *Non-Supervisory EE's*) report being "Extremely Satisfied" (19%) than supervisors estimated (5%).

Gallup[2] defines engaged employees as those who are "involved in, enthusiastic about, and committed to their work and contribute to their organization in a positive manner." With the nonprofit sector growing rapidly, engagement in the workplace is vital to the health of an organization as it grows.

Figure 1

Non-Supervisory Employee Engagement and Job Satisfaction

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2.   "State of the American Workplace," Gallup, June 2013. http://employeeengagement.com/wp-content/uploads/2013/06/Gallup-2013-State-of-the-American-Workplace-Report.pdf
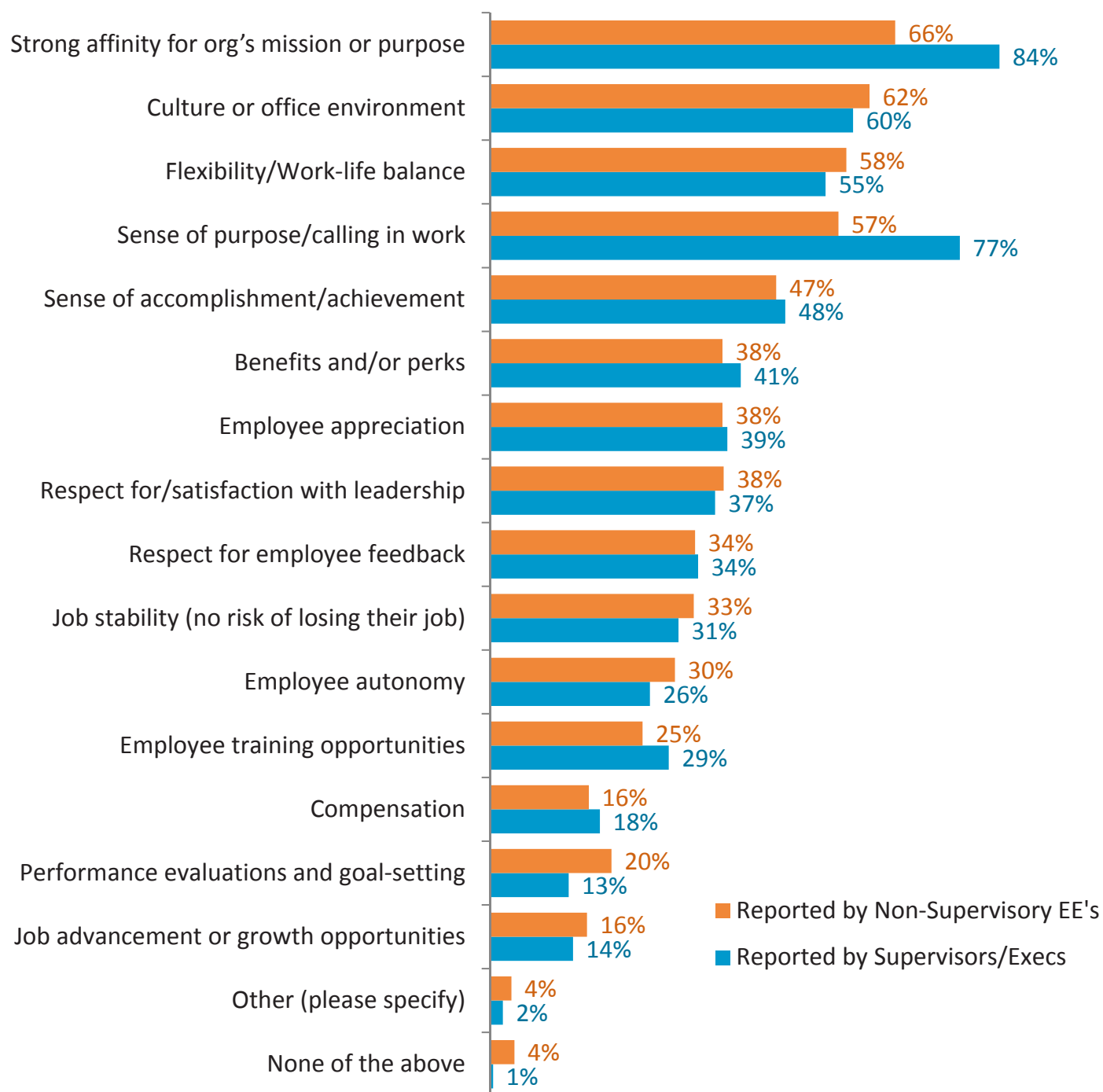
Not only are engaged employees more likely to help push your mission forward, they are less likely to leave. *The UST study found a direct correlation between level of employee job satisfaction/ engagement and an organization's turnover (r = -.35).* Organizations with lower turnover had more satisfied employees, and higher levels of dissatisfaction were predictors of higher turnover rates.

Strategies aimed at engaging employees and contributing to their job satisfaction are integral to employee retention. Figure 2 shows how both supervisors and employees rated sixteen factors that contribute to job satisfaction and engagement at their organizations.

Figure 2

Factors Contributing to Employee Job Satisfaction

Factor	Reported by Non-Supervisory EE's	Reported by Supervisors/Execs
Strong affinity for org's mission or purpose	66%	84%
Culture or office environment	62%	60%
Flexibility/Work-life balance	58%	55%
Sense of purpose/calling in work	57%	77%
Sense of accomplishment/achievement	47%	48%
Benefits and/or perks	38%	41%
Employee appreciation	38%	39%
Respect for/satisfaction with leadership	38%	37%
Respect for employee feedback	34%	34%
Job stability (no risk of losing their job)	33%	31%
Employee autonomy	30%	26%
Employee training opportunities	25%	29%
Compensation	16%	18%
Performance evaluations and goal-setting	20%	13%
Job advancement or growth opportunities	16%	14%
Other (please specify)	4%	2%
None of the above	4%	1%

Mission & Purpose

When asked to select from 16 factors that contribute to their job satisfaction and engagement, respondents agreed that the number-one factor was "Strong affinity for the organization's mission" (Figure 2).

Nonprofit employees are unique in this attachment to their organization's purpose. Compare this survey to the 2015 SHRM Employee Job Satisfaction and Engagement report, in which 600 employees from U.S. companies ranked "Contribution of work to the organization's business goals" in 20th place in the list of 25 factors that contribute to their job satisfaction. Nonprofit employees have a deep sense of personal belief in their organizations' missions—and helping achieve their organizations' goals feeds their job satisfaction. Work must be meaningful.

A "sense of purpose/calling in work" was also top-rated, with supervisors putting it in 2nd place and employees placing it 4th in the list of factors important to employee job satisfaction and engagement.

The data revealed that mission, purpose, a sense of accomplishment and culture were the four factors with statistically significant positive effects on job satisfaction. Employees who selected these factors as important to their job satisfaction were more likely to be satisfied than other employees who, for example, said job stability, training or autonomy were important to job satisfaction (all of which had very slight negative correlations to job satisfaction but were not statistically significant).

Millennials (ages 18-35) found a sense of purpose was even more important to them than to Gen X (36-55) or Baby Boomers (56-75). In fact, although no age group was more satisfied/engaged than another, Millennials selected more factors that contribute to their job satisfaction, suggesting they are looking for more out of their jobs. Figure 3 lists each of the factors that Millennials were more likely to value than those in other age categories.

Figure 3

Factors that Millennials found more important to Job Satisfaction and Engagement	Millennials (ages 18-35)	Non-Millennials (ages 36 and up)
A sense of purpose/calling in work	72%	64%
Culture or office environment	73%	57%
Training opportunities	35%	21%
Job advancement or growth opportunities	22%	13%
Job stability	41%	30%
Autonomy	39%	30%
Respect for employee feedback	44%	28%
Benefits and/or perks	45%	35%

Recommendations:

Nonprofit employers should focus on how their mission is communicated throughout the organization—and how employees' jobs are directly tied to it. Helping employees feel more connected, by giving them a larger stake in decisions, more visibility into the organization's goals, or celebrating successes that push the mission forward, can help them feel like they have a larger role in the mission's success.

With Millennials quickly filling the nonprofit workforce, it will be important that nonprofits focus on the factors that keep them engaged most, and more importantly, recognize that Millennials are looking for more out of their jobs to keep them engaged. Nonprofits have a lot to offer as employers, especially for job-seekers looking for a sense of purpose in their work and a sector that can boast strong employee affinity and loyalty.
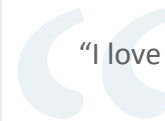
Organization Culture

Non-supervisory employees rated "Culture or office environment" as the 2nd most important factor (62.2%) contributing to their job satisfaction, followed by flexibility and work-life balance (58.4%). In comparison, respondents in the SHRM study rated culture 12th. Nonprofit employees are more driven by coming to work at a place where they and their fellow workers have a sense of place and purpose, and a culture that supports it. This shared drive among staff to fulfill the mission builds camaraderie, so it is not surprising that the large majority of nonprofit employees said they get along "Somewhat well" to "Extremely well" as shown in Figure 4.

Organizations whose employees got along better had a higher level of job satisfaction. (r = .39). In addition, as employee rapport went up, turnover went down (r = -.21).

Most employees are first introduced to the culture of the organization during the hiring process, so it's important to start off on the right foot. When asked how well the culture was described during the interview, *employees whose hiring managers accurately described the organization's culture were more likely to be satisfied and engaged at their job long-term (r = .28). These employees were also less likely to report a desire to leave (r= .23), and their organization had lower turnover (r = -.09).*

> "I love being able to help other people."
>
> "I have a wonderful immediate supervisor."
>
> "I enjoy my job and feel that I am contributing to my own life as well as others."
>
> "Upper management is fair, easy going, and empathetic toward employee hardships"
>
> "I feel rewarded working with volunteers."
>
> "The feeling of a family environment."
>
> "Appreciation by clients."
>
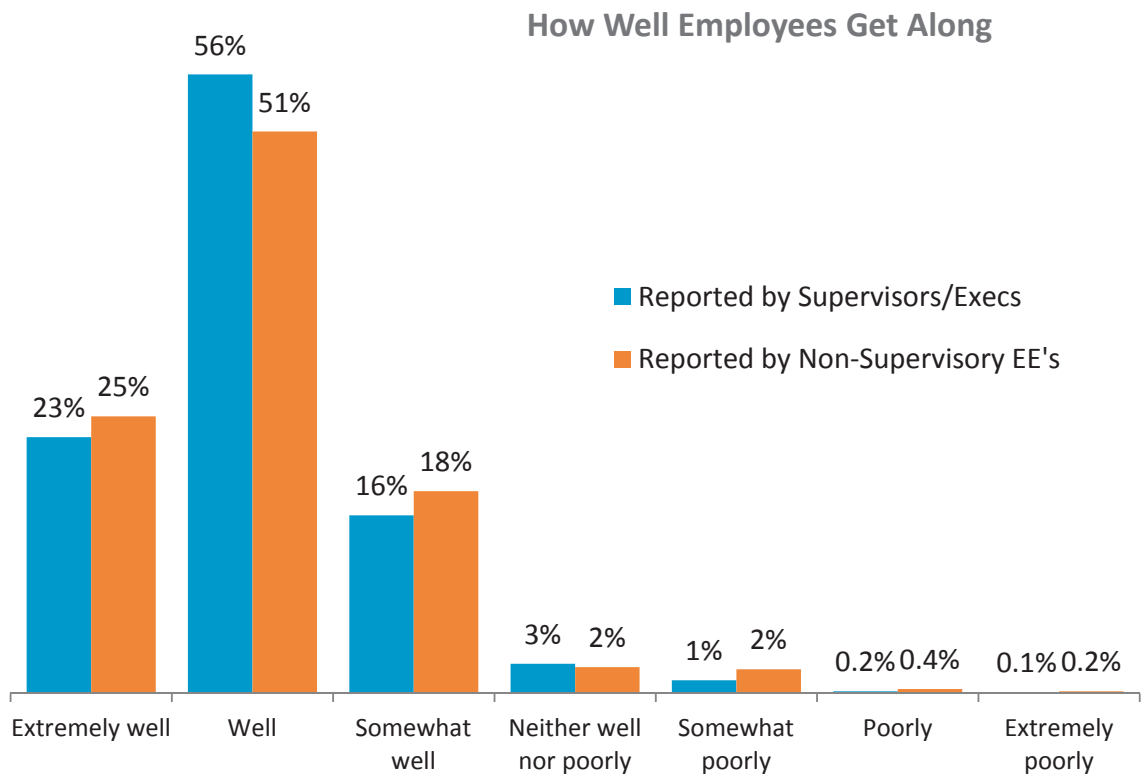> "Collaborative, team decision-making environment"
>
> "Another factor is a strong relationship with co-workers or with supervisor or both."
>
> "I value what I do and feel appreciated by the organization."

Culture is what defines an organization's personality — its values, work environment, expectations, goals, and the social and psychological behaviors and beliefs that are held by employees and management, which contribute to a unique work experience.

For managers, this means that hiring employees that fit within the culture is equally important. Although only 9% of nonprofits reported using "Personality tests" during hiring, those that did had 7.5% lower turnover on average.

How Well Employees Get Along

Legend:
- Reported by Supervisors/Execs
- Reported by Non-Supervisory EE's

Category	Reported by Supervisors/Execs	Reported by Non-Supervisory EE's
Extremely well	23%	25%
Well	56%	51%
Somewhat well	16%	18%
Neither well nor poorly	3%	2%
Somewhat poorly	1%	2%
Poorly	0.2%	0.4%
Extremely poorly	0.1%	0.2%

Recommendations:

Looking to retain employees *and* increase job satisfaction? Start with culture.

Nonprofit employees are not just looking for a paycheck. Make sure you hire employees whose passion aligns with your organization's purpose, and you'll find that you'll have more like-minded employees who want to come to work each day, and want to work with one another.

Train managers about the questions to ask during an interview that help bring out a person's true motivation, and implement assessments that help identify the right person for the job. Some respondents noted using behavioral-based questions and team interviews to help identify the right fit candidate.

The larger your organization, the more difficult it can be to have a unified culture, so make sure managers are coached to help build a sense of camaraderie within their own departments or teams.

You can reinforce a positive culture by nurturing an attitude of mission-based work and accomplishment. Define your organization's core values, communicate them regularly, establish rewards for demonstrating them, and ensure they are part of the employee's experience from the interview all the way through their career.

Employee Stress and Turnover

Most employees and their supervisors said that non-supervisory employees were stressed "Sometimes" throughout a typical week (Figure 5). When asked to rate their level of stress on a scale of 1 to 5, non-supervisory employees rated their stress an average 2.81, or just below Moderate Stress (Figure 6), indicating that most nonprofit employees have balance at their jobs. Still, on average there are more than 20% of nonprofit supervisors and employees that report staff is stressed "Very Often."
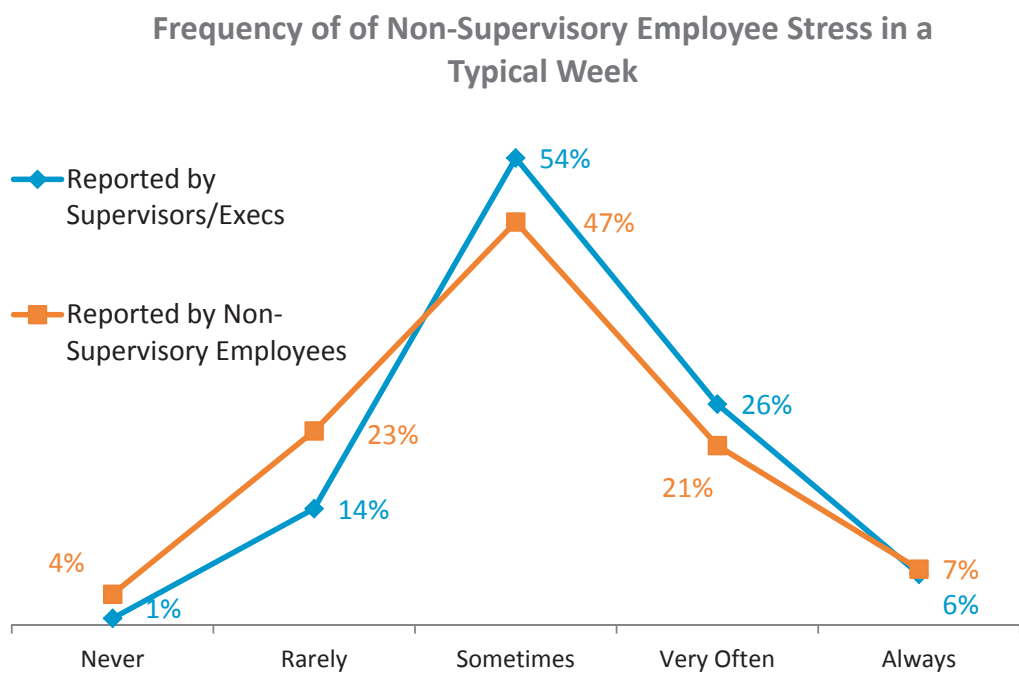
Figure 5

Frequency of of Non-Supervisory Employee Stress in a Typical Week

Legend:
- Reported by Supervisors/Execs
- Reported by Non-Supervisory Employees

Supervisors/Execs: Never 1%, Rarely 14%, Sometimes 54%, Very Often 26%, Always 6%
Non-Supervisory Employees: Never 4%, Rarely 23%, Sometimes 47%, Very Often 21%, Always 7%

Figure 6

Level of Non-Supervisory Employee Stress

1 No stress: 8%
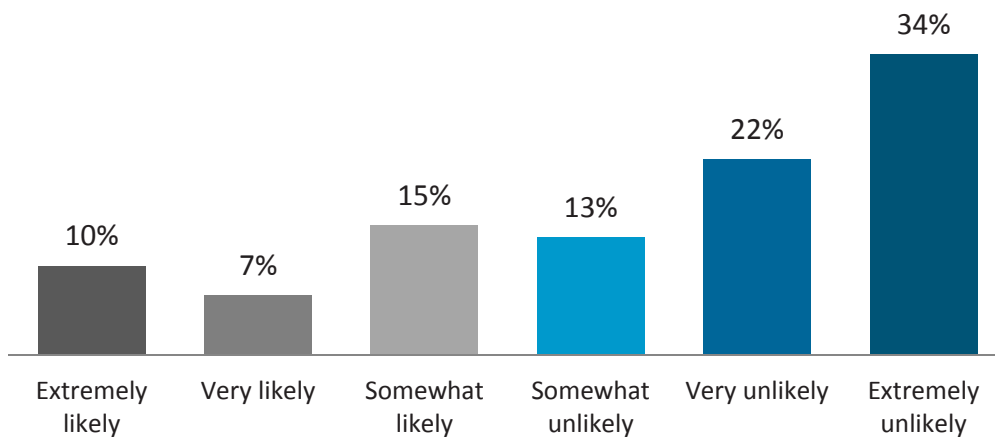2: 30%
3 Moderate stress: 40%
4: 18%
5 Extreme stress: 5%

It's important for nonprofit employers to be on the lookout for employee stress or burnout. When non-supervisory employees were asked how likely they were to consider leaving their organization's employment within the next year, nearly a third were "Somewhat" to "Extremely likely" to leave their jobs (Figure 7). *Stress was one of the factors shown to have a direct link with turnover. In fact, stress both reduces job satisfaction (r = -.40) and drives higher turnover (r = .24).*

Figure 7

Non-Supervisory Employee Likelihood of Leaving Within the Next Year

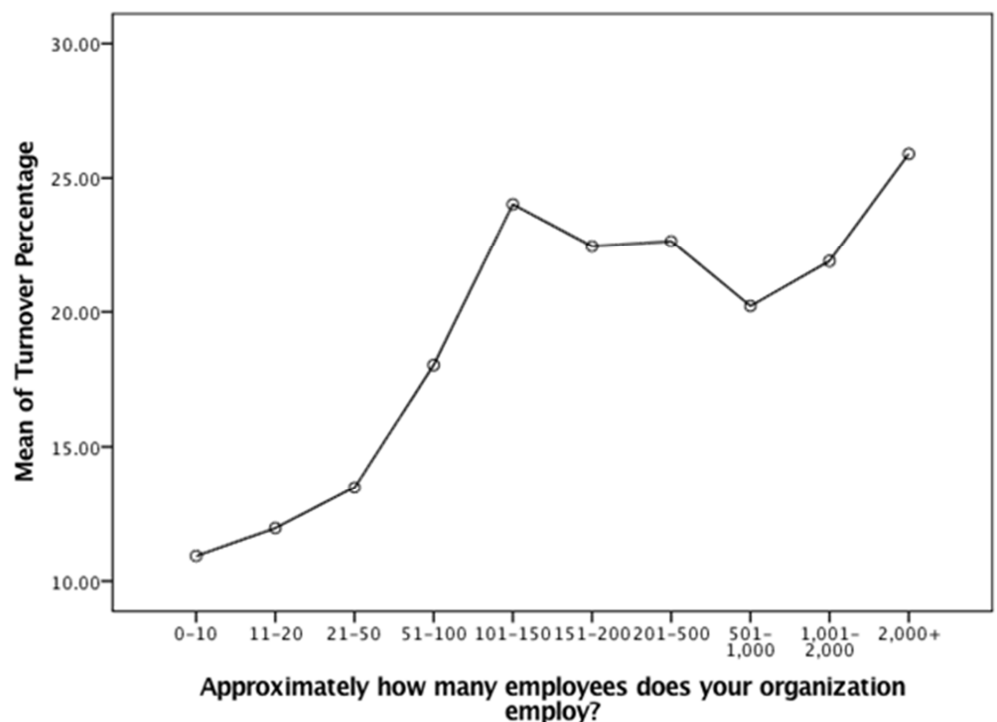|					
10%	7%	15%	13%	22%	34%
Extremely likely	Very likely	Somewhat likely	Somewhat unlikely	Very unlikely	Extremely unlikely

Age and sub-sector had no effect on an employee's stress level but the **size** of an organization did impact stress. A linear trend showed that the larger the organization, the higher the average stress levels and the higher the level of turnover. The overall upward trend is significant (Figure 8 below).

Figure 8

Those in the 0-100 employee range were least stressed, while organizations with over 2,000 employees had the highest stress levels.

Nonprofits that employed 101-150 employees experienced a sharp upward swing in employee turnover, with a mean turnover rate in the "High" category.

Turnover remained "High" for organizations in the 151-2,000 employee range, and organizations with 2,000+ employees experienced another upward swing, elevating the mean turnover to the "Very High" category.

While the size of an organization can't be changed, employers of all sizes can change one thing that affects stress: **Employee support from supervisors**.

There was a correlation between how highly an employee rated the guidance and support from their supervisor and that employee's stress level. (r = .21). Employees who felt they had poor guidance were more likely to be stressed and unhappy.

Recommendations:

For nonprofit employers, the linkage between stress, job satisfaction and turnover could play a useful role in indicating which "lever" can be exercised to impact employee retention. For example, helping lower employee stress could increase job satisfaction and lower turnover. Does your organization tend to place more job responsibilities on a single employee rather than hiring a new one? It may actually save you money in the long run if you hire another employee, reducing the burden on current employees, and thereby lowering the cost of turnover, which can include costs such as unemployment claims, recruitment costs, and lost productivity while you train a new employee.

Or if stress level of the job can't be changed because it's a high-stress position or job type, an employer could focus on increasing job satisfaction in other ways, like how Google offers employees high levels of autonomy and focuses on workplace culture, in order to reduce turnover.

It is feasible that part of the reason larger organizations have more stressed employees is due to their reported lack of good communication from supervisors (see page 19), and therefore less support and guidance, which was shown to increase stress. As nonprofits grow, they tend to stay relatively flat, creating a gap in management. Ensuring that your supervisors are well-equipped to handle employee needs, and that there is sufficient managerial guidance whether your organization is small or large, will help decrease the strain on employees who need support to get their jobs done and will help them feel less stressed.

Consider too that **work-life balance** was rated in the top three drivers of job satisfaction for nonprofit employees. You may also recognize that providing this balance is closely aligned with improving culture, is likely to help reduce stress, and is an extremely important aspect of working in the nonprofit sector.

"I find our work very meaningful and I enjoy most of the people I work with...but I'm feeling burnt out and overworked as of late."

"We are so small and we all wear many hats, our time is very precious."

"Management has always worked with me to either advance in my position or find other creative avenues to use my skills."

"I am comfortable with my pay, at this time. However I am considering leaving due to increased workload that is becoming completely unmanageable."

"I am given new performance goals frequently, but due to workload and lack of training, it adds to stress."

"We are currently very understaffed, which leads to increased workload and burnout of employees that quit because of this."

"The supervisor is hostile and there is a lot of turnover because of her."

"Poor training and aggressive style of Director/CEO/Supervisor."

"[Employees] leave because of very low wages and CEO and managers who manage with the authoritative technique...with fear."

Training and Development

Onboarding New Hires

Onboarding for recent hires acts as a structural timeline and keeps employees moving forward in an efficient manner. The guidance and resources provided to new employees—whether they're used to accomplish day-to-day tasks or help cultivate certain skill sets—impacts an employee's level of long-term job satisfaction and engagement at an organization.

Longer onboarding strategies for new employees were linked to lower turnover, higher levels of employee job satisfaction and engagement, and lower likelihood of employees planning to leave in the next year.

Statistically, organizations with **90-day onboarding plans** were shown to have higher employee engagement compared to employees who only received 1-2 weeks of training, and the upward trend in engagement with more training was significant as a whole (Figure 9).

Figure 9
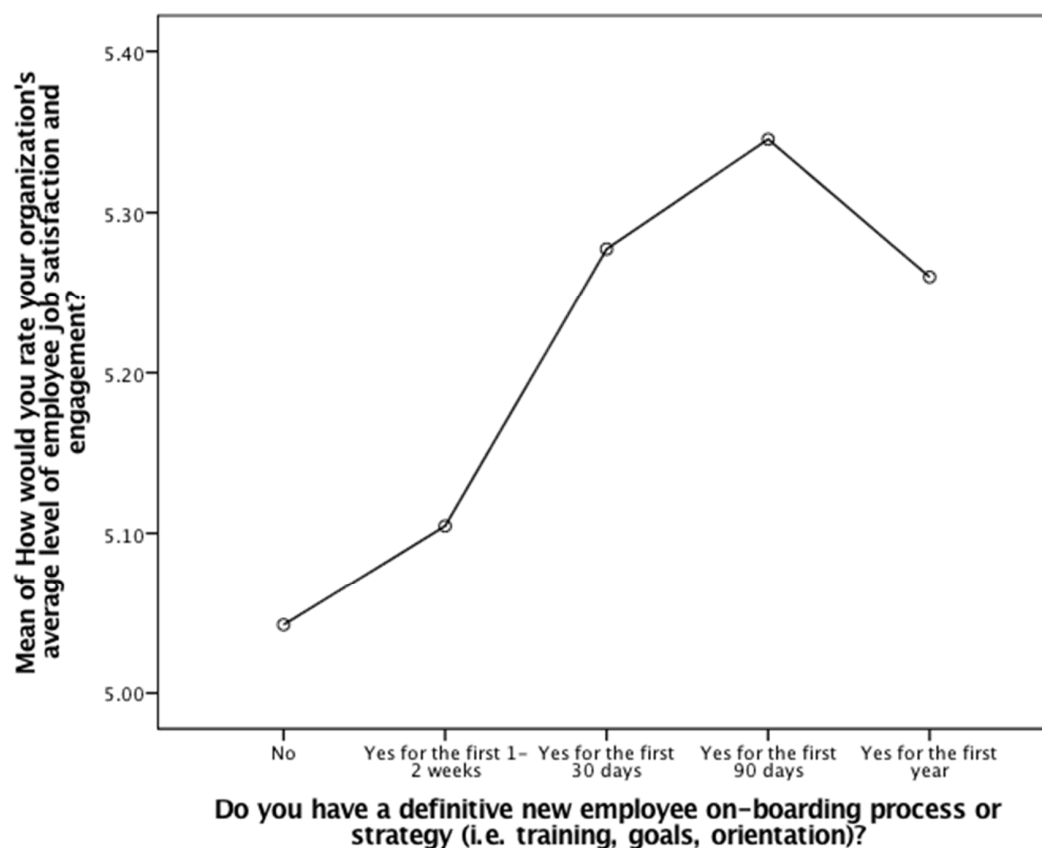
What
NONPROFIT
Employees
Say About Training

"[We get] the same training packet every year ... need adequate training."

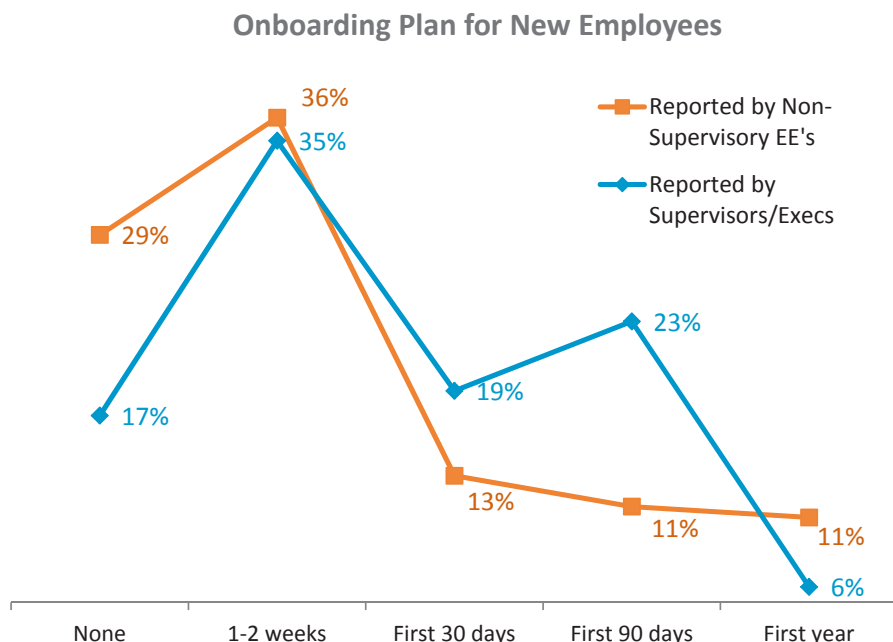"Handouts need to be updated like yesterday!"

"Training is only available to the Executive Director and some Program Managers."

"It would be nice to have in-service training or teambuilding for employees."

"They invest [in training] but not the right type to develop my skills."

"Only free training I find myself."

Onboarding Plan for New Employees

Legend:
- Reported by Non-Supervisory EE's
- Reported by Supervisors/Execs

Data points (None, 1-2 weeks, First 30 days, First 90 days, First year):
- Non-Supervisory EE's: 29%, 36%, 13%, 11%, 11%
- Supervisors/Execs: 17%, 35%, 19%, 23%, 6%

On average, nonprofits do not implement extensive onboarding strategies for new employees. Illustrated in Figure 10 above, over a third of supervisors reported giving just 1-2 weeks of training for new hires, while 29% of employees said they received no onboarding when they were first hired.
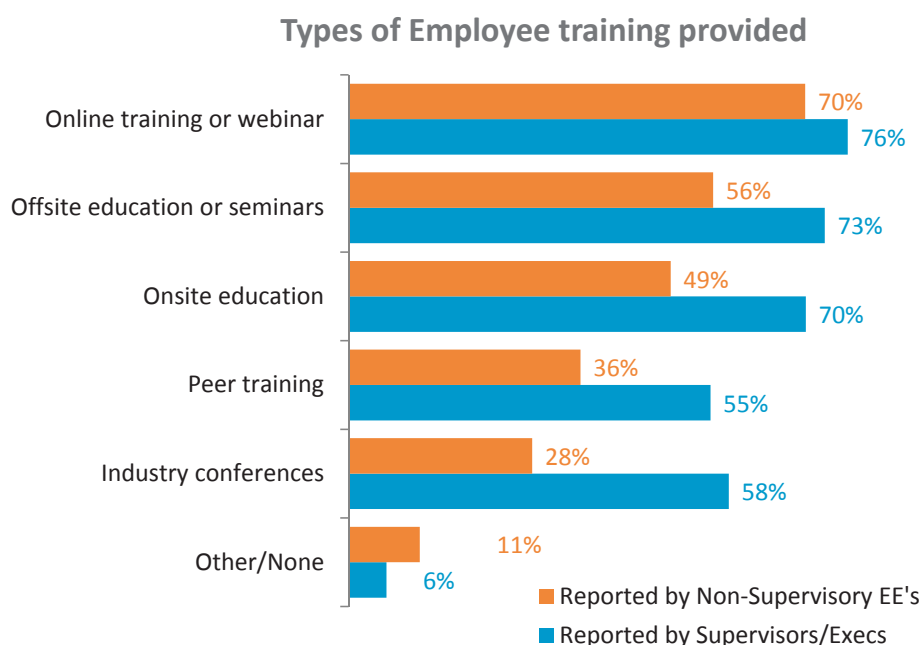
Employees also reported a lower likelihood of receiving onboarding training in the 30-90 day range than supervisors reported providing to their employees. This disconnect suggests that supervisors may be overestimating how well their onboarding strategy is being implemented or communicated to employees.
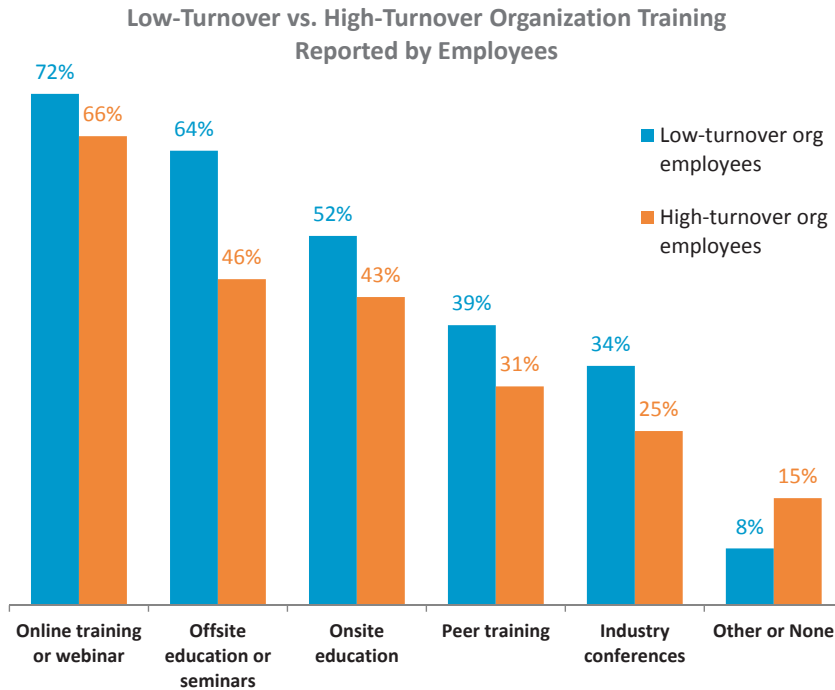
Training

"Online training and webinars" were the most common form of employee training at nonprofits with "offsite education" being the second most-used (Figure 11). *Organizations who offered these two types of training showed a correlation with more job satisfaction among their employees (r = .09).*

Types of Employee training provided

Type	Reported by Non-Supervisory EE's	Reported by Supervisors/Execs
Online training or webinar	70%	76%
Offsite education or seminars	56%	73%
Onsite education	49%	70%
Peer training	36%	55%
Industry conferences	28%	58%
Other/None	11%	6%

Figure 12

Low-Turnover vs. High-Turnover Organization Training Reported by Employees

Legend:
- ■ Low-turnover org employees
- ■ High-turnover org employees

Data:
- Online training or webinar: 72%, 66%
- Offsite education or seminars: 64%, 46%
- Onsite education: 52%, 43%
- Peer training: 39%, 31%
- Industry conferences: 34%, 25%
- Other or None: 8%, 15%

When comparing low-turnover organizations to those with high turnover (Figure 12), there was a notable trend that those with a higher employee turnover also offered fewer opportunities for employee training.
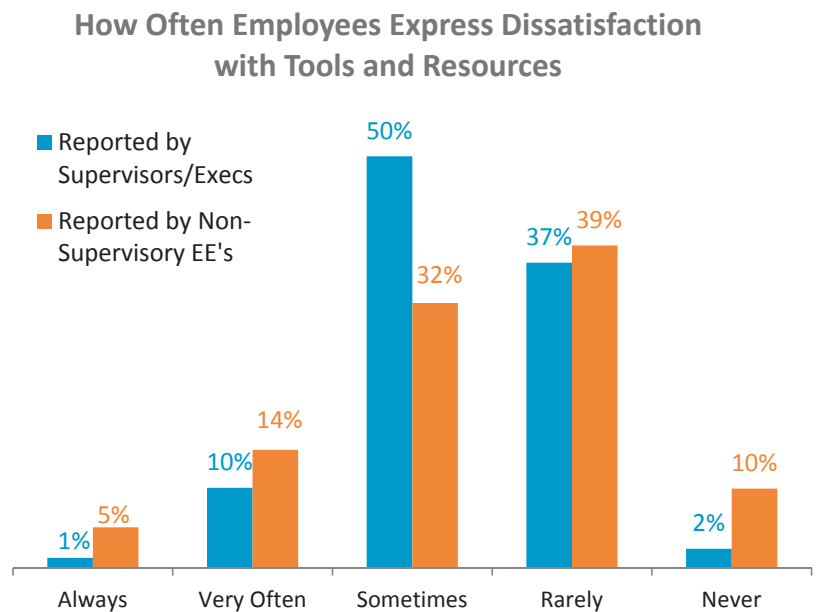
The workplace is shifting and survey data confirmed that the older a respondent was, the more likely they were to consider leaving in the next year. Many in the Baby Boomer (age 56-75) category said that retirement was on the near horizon, and that was their reason for leaving. With more and more nonprofit employees planning to retire, it is imperative that training be made available to prepare their successors.

Tools and Resources

In addition to training opportunities, employees need tools that will help them proficiently complete their tasks. Although nearly half of employees said that they "Rarely" or "Never" express dissatisfaction with the tools and resources on the job, almost a fifth say they are "Very often" or "Always" unhappy with the tools/resources provided to them (Figure 13).

Providing employees with the tools and resources to properly do their job had a direct correlation with lower turnover, as well as an even stronger correlation with higher job satisfaction (r = .42).

Figure 13

How Often Employees Express Dissatisfaction with Tools and Resources

Legend:
- ■ Reported by Supervisors/Execs
- ■ Reported by Non-Supervisory EE's

Data:
- Always: 1%, 5%
- Very Often: 10%, 14%
- Sometimes: 50%, 32%
- Rarely: 37%, 39%
- Never: 2%, 10%

Goal Setting

Setting and communicating measurable goals for employees on a more frequent basis keeps employees engaged and gives them something to continually strive for.

Employees that were given new skill development goals on a more consistent basis had more job satisfaction and engagement (r = .19).

As shown in Figure 14, most nonprofits reported setting "Annual" development and performance goals for employees (65% of supervisors/executives compared to 48% of non-supervisory employees).

But almost one-fifth (19%) of employees reported that they "Never" receive goals from their managers. And at High to Extremely High Turnover organizations, the likelihood of not having goals increased to over 25% of non-supervisory employees.

Compared with their for-profit counterparts, nonprofits tend to lack definitive goals or a pathway to career advancement. In fact, the 16% of nonprofit employees who checked "Job advancement" as one of t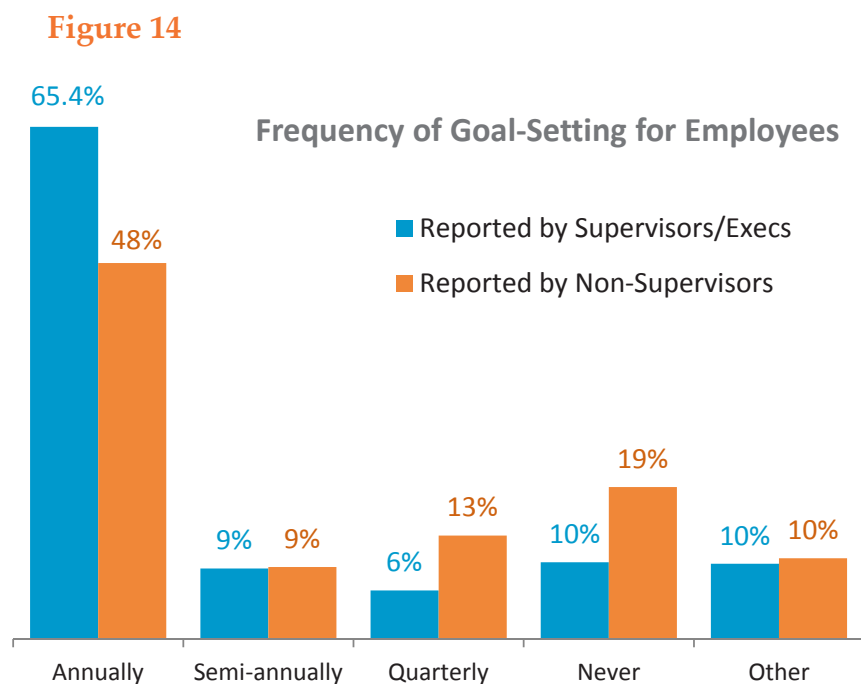he important factors to job satisfaction were actually *less likely to report being satisfied*, indicating that they their drive to advance was likely *not* being satisfied.

Figure 14

Frequency of Goal-Setting for Employees

■ Reported by Supervisors/Execs
■ Reported by Non-Supervisors

	Annually	Semi-annually	Quarterly	Never	Other
Supervisors/Execs	65.4%	9%	6%	10%	10%
Non-Supervisors	48%	9%	13%	19%	10%

However, it's important to note that frequency of promotion from within did not show a statistically significant correlation with job satisfaction or turnover at an organization.

What this indicates is that nonprofit employees are more likely to value the ability to hone their personal job skills and contribute to goals that feed the mission, and are more satisfied and engaged by reaching these goals, than by promotions. *Opportunity for advancement is an important factor for some, but even more importantly, all employees must have the opportunity to progress their skills and reach for goals.*

Recommendations:

Three months is the golden time period in which employers can actively train and engage new employees to ensure long-term satisfaction. Supervisors should be explicit about expectations and job responsibilities when onboarding new hires and check in continuously on employee progress and job satisfaction.
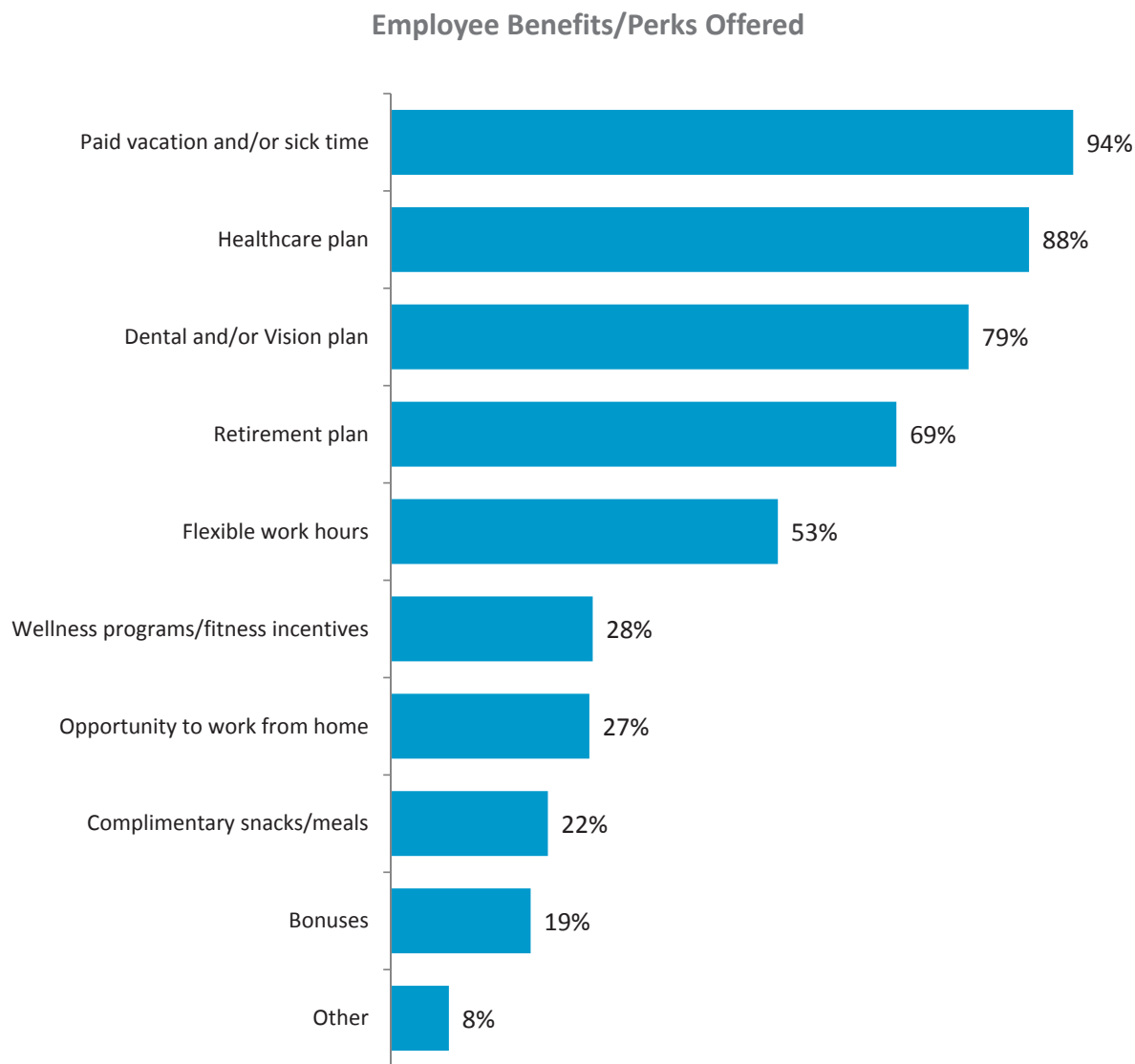
Goals are essential to helping employees grow and advance in their jobs. While there may not be an opportunity for advancement for every employee, workers can continue to progress in the traits and skills needed for personal and professional development. Give employees goals and performance standards they can work toward, at least annually, along with the autonomy to achieve them. This sets them up for a higher level of job satisfaction—especially if their goals are directly tied to the mission.

Offering cross-training with other teams or departments may give employees more options, and give the most promising employees a better vision of their career path.

Taking the time to set aside funds for training opportunities, tools, and resources can in fact improve overall employee engagement and satisfaction levels, increase productivity, and reduce turnover—which will save money in the long run.

Compensation and Benefits

Figure 15

Employee Benefits/Perks Offered

Benefit	Percentage
Paid vacation and/or sick time	94%
Healthcare plan	88%
Dental and/or Vision plan	79%
Retirement plan	69%
Flexible work hours	53%
Wellness programs/fitness incentives	28%
Opportunity to work from home	27%
Complimentary snacks/meals	22%
Bonuses	19%
Other	8%

Nonprofit employees placed Compensation and Benefits near the lower end when it came to ranking the top contributors of their job satisfaction and engagement. Of UST's nonprofit survey respondents, compensation ranked 13th out of 16 factors, while benefits made it to 6th. In comparison, SHRM survey respondents ranked benefits 3rd and compensation 4th in the top drivers of job satisfaction out of 25 factors, again showing that nonprofit employees care less about money than their for-profit counterparts, and more about the organization they work for.

When asked to select all benefits and perks that their organizations offer, nonprofits said that paid time off, a healthcare plan, along with a dental and/or vision plan were the most common benefits (Figure 15). In addition, 70% of organizations offered some kind of retirement plan.

Over half of nonprofits provide flexible work hours for their employees, which is important considering that non-supervisory employees ranked "flexible hours/work-life balance" in their top three factors that contribute to job satisfaction.

The size of an organization only predicted having more benefits to a small degree. On average, organizations in the 151-200 employee range were more likely to offer one additional employee benefit compared to smaller organizations. But those organizations over 200 employees didn't continue the upward trend in offering more benefits.

Overall, employee benefits and perks did not correlate with job satisfaction or predict turnover in any significant way.

However, compensation did in fact influence a nonprofit employee's willingness to leave and their overall job satisfaction—especially when the employees said their wages were below "Fair."

Of those who rated their compensation "Somewhat Lower" to "Significantly Lower," 91% did not select compensation when asked what contributes to their job satisfaction and engagement. Of those who rated their compensation "Fair" or higher, 79% said that compensation did contribute to their job satisfaction.

Employees that felt their wages were low were less likely to be satisfied at their jobs (r = .35), and selected fewer reasons to be satisfied when asked what factors contributed to their satisfaction. They also had a higher likelihood of planning to leave within the next year (r = .28) and were more likely to work for a high-turnover employer (r = .30).

What
NONPROFIT
Employees
**Say About
Compensation and
Job Satisfaction**

"I love my job, but financial obligations may force me to look elsewhere."

"Incomes not commensurate with job expectations."

"Love my job, but pay is low."

"Our flexibility and mission keep people working for us, even though our wages are low for market rate."

"We just completed an extensive employee survey done by a third party and all were favorable except compensation, which fell just a mark below satisfied."

"Wages extremely low; unable to pay bills; forced to look elsewhere."

"Only reason I would leave would be for a better-paying job, but as of right now ends are getting met, but barely."

"If it were not for the issue of wage rate, I would rate our employees as highly satisfied."

"Agency seems unable to support market value recruitment."

"Right now most of the employees feel we are underpaid for the amount of work that is being added to our positions as we are in a transitional period."

"Most staff leave due to pay."

"I can't afford to live."

So while compensation wasn't ranked high on the list of factors contributing to job satisfaction overall, when employees don't feel they are being paid a fair, living wage, compensation does affect satisfaction, and their engagement/general happiness begins to deteriorate and turnover rates escalate. **In other words, employees that are *adequately* paid consider compensation to be less important than those that feel that they are *underpaid*.**

Most supervisors (49%) and employees (47%) felt that employee compensation at their organizations was "Fair" compared to other organizations in the same nonprofit Sector (Figure 16).
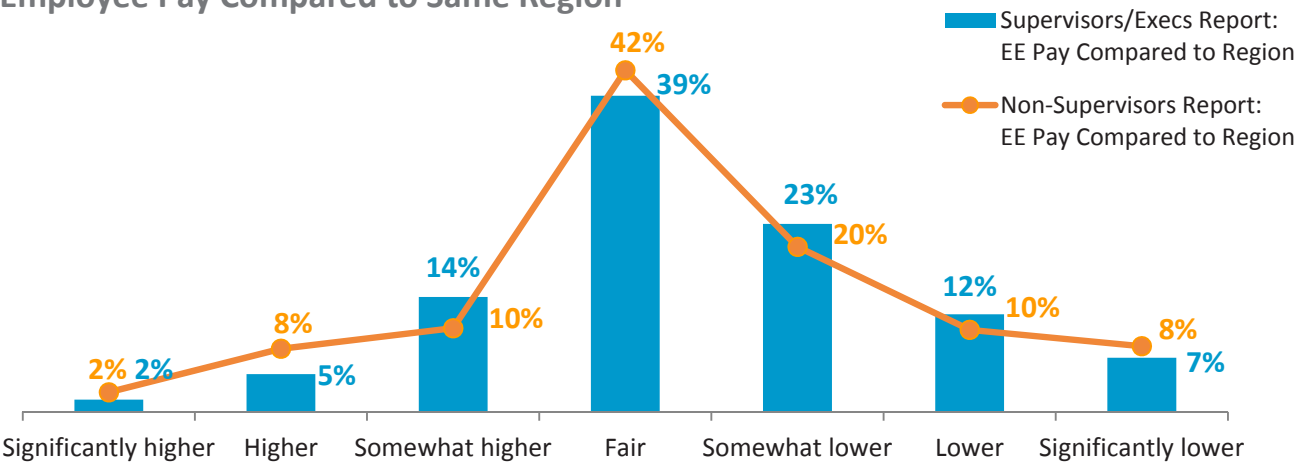
Figure 16

Employee Pay Compared to Same Sector
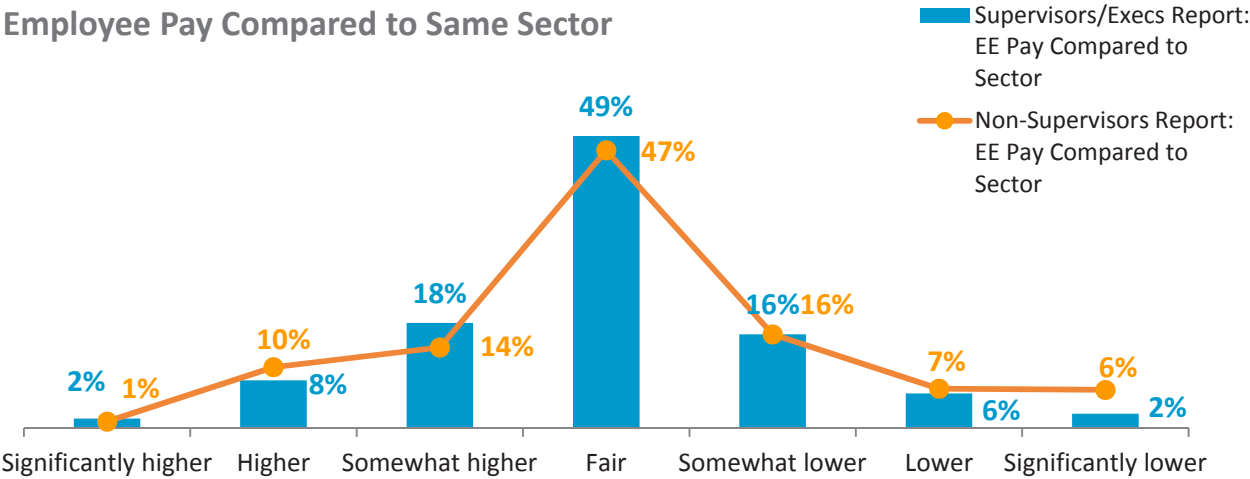
Nonprofit compensation compared to other companies (including for-profit) in the same geographic Region skewed lower. Slightly fewer supervisors (42%) and employees (39%) cited "Fair" pay compared to the rest of the Region. Another 42% of supervisors and 38% of employees rated compensation within the range of "Somewhat lower" to "Significantly lower" when compared to companies in their Region (Figure 17).

Figure 17

Employee Pay Compared to Same Region

Recommendations:

Although benefits do not directly correlate with increased job satisfaction, benefits are a core offering for a nonprofit's hiring and retention package, and are ranked as more important by nonprofit employees than their compensation. Do your benefits align with the most-offered by nonprofits, including paid time off, healthcare, dental, vision, or a retirement plan?

Flexible work hours are rated as highly important by nonprofit employees, and depending on your organization, you may want to consider making this part of your organization's workplace benefits/culture. Remember that work-life balance can reduce stress, thereby reducing turnover.

While nonprofit employees in general don't rank compensation as a leading factor that impacts their engagement and general happiness, there is a significant trend showing that when they are paid below acceptable living wages, compensation does become important. Low pay begins to erode engagement and employee retention. Employers must "compensate people in amounts and in ways that allow individuals to mostly forget about compensation and instead focus on work itself," says Daniel H. Pink, author of *Drive*.

Supervisors should compare their employees' salaries to those in the same sector, geographic area and job field in order to stay competitive and at the very least provide a living wage for their employees. Wages should also be re-evaluated as employees accrue additional responsibilities and skills over time. Employee satisfaction won't be negatively impacted as long as they believe their compensation is reasonable for their hard work and dedication.

Leadership

Figure 18

You may have heard the saying, "People leave managers not companies," first coined in a 2013 Gallup study of over 1 Million U.S. workers that cited bad bosses as the number-one reason people leave their jobs. Nonprofit employees are not exempt from this sentiment.
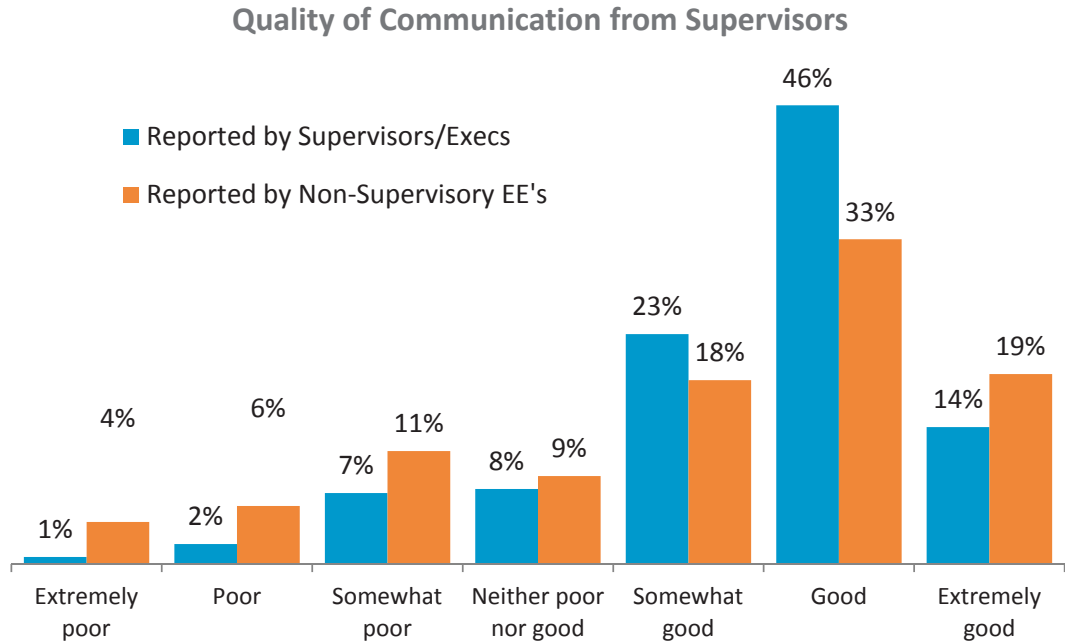
One of the strongest correlations (r = .64) in the UST study was the quality of communication from supervisors and employee job satisfaction (Figure 18).
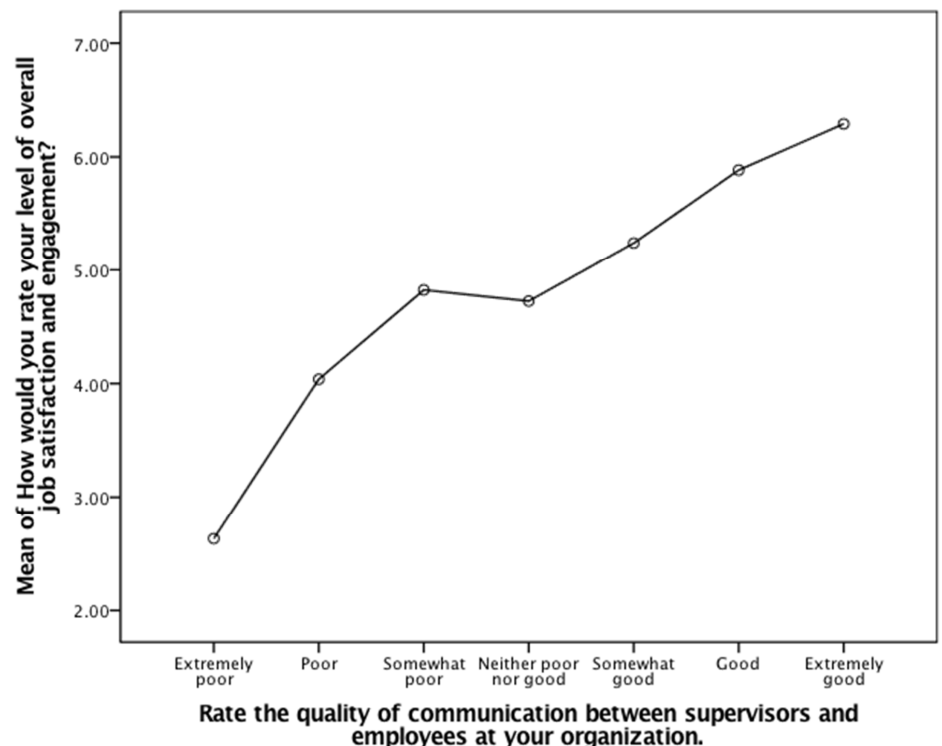
While 70% of nonprofit employees rated the quality of communication from their supervisor within "Somewhat Good" to "Extremely Good," supervisors tended to overestimate their communication compared to what employees actually thought. The mean rating from employees was in the "Somewhat Good" range while supervisors rated themselves within a mean rating of "Good" (Figure 19).

Figure 19

Quality of Communication from Supervisors

■ Reported by Supervisors/Execs
■ Reported by Non-Supervisory EE's

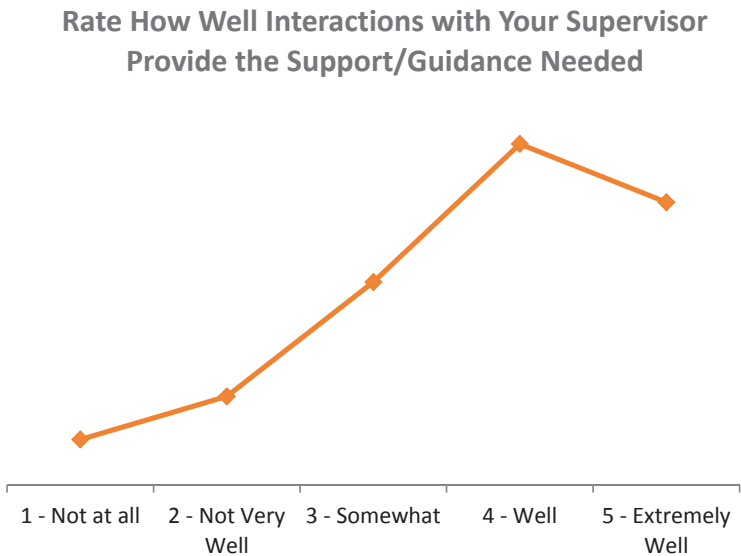| Category	Supervisors/Execs	Non-Supervisory EE's
Extremely poor	1%	4%
Poor	2%	6%
Somewhat poor	7%	11%
Neither poor nor good	8%	9%
Somewhat good	23%	18%
Good	46%	33%
Extremely good	14%	19%

A significant linear trend showed that the **larger** an organization was, the poorer the communication between its supervisors and employees.

When asked to rate how well interactions with their supervisor provided the support and guidance they needed on a regular basis, employees gave their managers an average rating of 3.76, which would be described as within the range of "Somewhat Well" to "Well" (Figure 20).

Those who reported higher levels of support/guidance from their supervisors were shown to have a significant correlation with higher job satisfaction (r = .45). And as mentioned earlier, they were also less stressed, which in turn increased employee retention.

Figure 20

Rate How Well Interactions with Your Supervisor Provide the Support/Guidance Needed

| 1 - Not at all	2 - Not Very Well	3 - Somewhat	4 - Well	5 - Extremely Well

Performance Feedback

About half of supervisors reported using "Open Communication" on a regular basis for employee feedback in addition to providing "Annual" reviews (Figure 21). But employees didn't report receiving feedback on performance goals nearly as frequently. Employees were 20% less likely to report "Open Communication," and 30% fewer said "Annually" while almost 12% more indicated they "Never" receive goal feedback.

Figure 21

Frequencies of Employee Performance Feedback (all that apply)
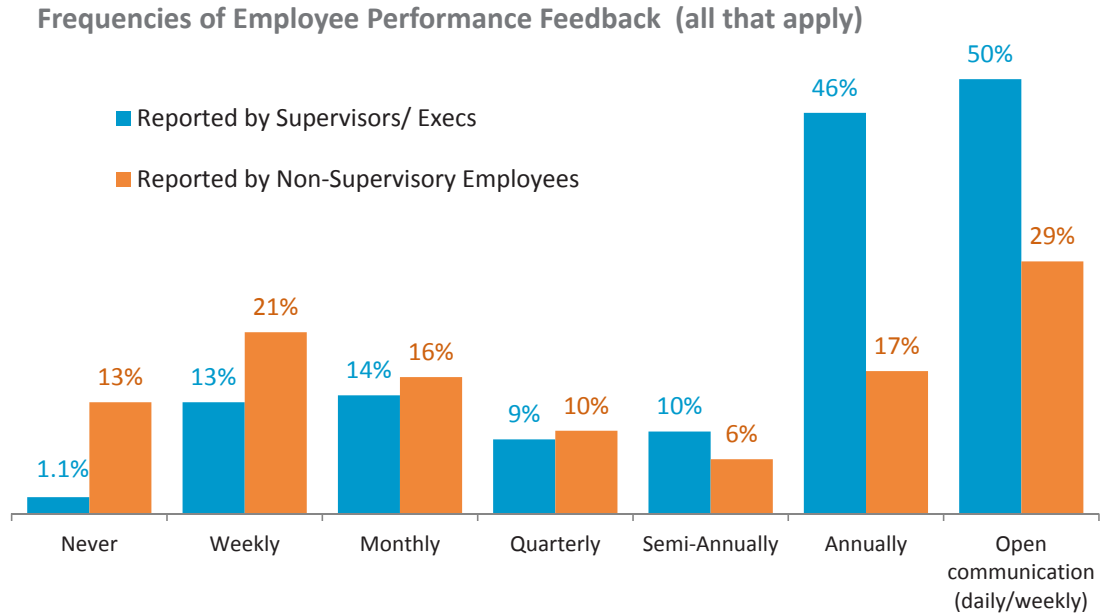
38% of employees ranked "Respect for employee feedback" as important to their job satisfaction in Figure 2. When asked what methods are used to solicit feedback from employees, almost 87% of supervisors said they have an "Open door policy" but only 64% of employees agreed. And although 68% of supervisors said "Regular meetings with manager" just under 45% of employees reported getting feedback this way (Figure 22).

Figure 22

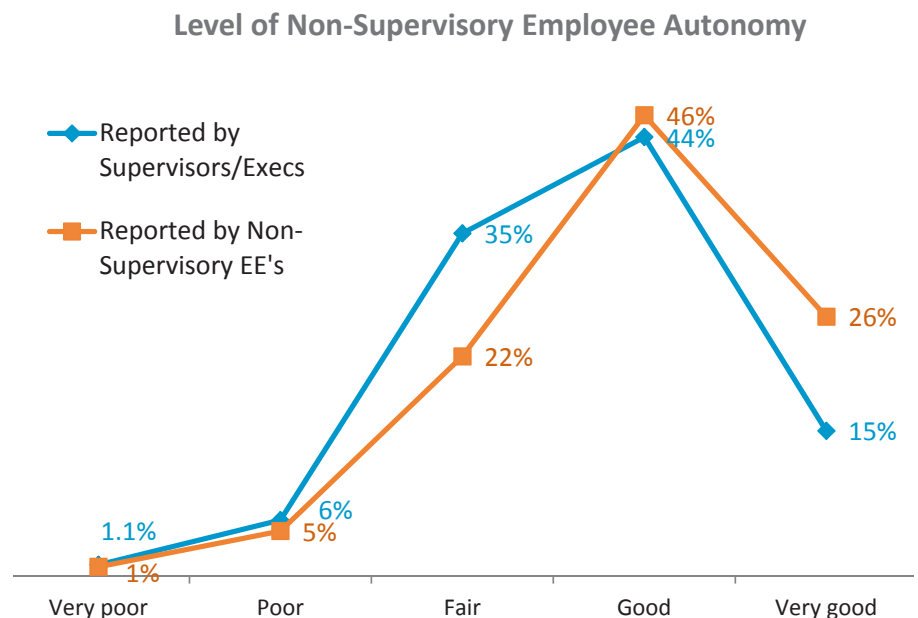**Methods Used to Solicit Feedback from Employees (all that apply)**
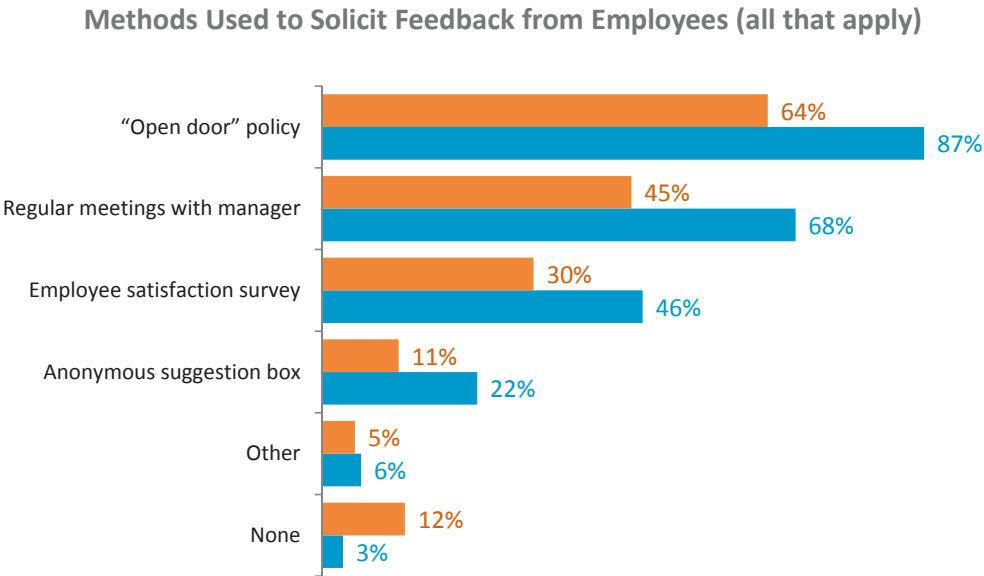
The disparity in these responses suggests that supervisors are slightly out of touch. It's likely that these managers think they have an "open door" but the reality is that employees don't feel comfortable or inclined to take advantage of it. Employees may also not be as aware that they are receiving direct feedback if it is diluted by other conversations or is buried in day-to-day task management.

Autonomy

Figure 23

There is a fine balance between providing quality communication with employees and offering feedback, while not micro-managing. Thirty percent of employees said that autonomy was important to their job satisfaction and engagement, and statistically, **nonprofits that reported more autonomy also had lower turnover.**

On average, employees rated their autonomy "Good," and over a quarter rated "Very Good" (Figure 23).

Level of Non-Supervisory Employee Autonomy

Reported by Supervisors/Execs

Reported by Non-Supervisory EE's

	Very poor	Poor	Fair	Good	Very good
Reported by Supervisors/Execs	1.1%	6%	35%	44%	15%
Reported by Non-Supervisory EE's	1%	5%	22%	46%	26%

Recommendations:

As the sector grows, it will be more important that nonprofit leaders provide the foundation for their employees' success. *Leadership is critical.*

Nonprofits can improve by creating more structure for employees around 1) goal setting, 2) feedback and communication, and 3) autonomy.

An "open door" doesn't mean employees will walk through it. More nonprofit managers should actively ask for one-on-one meetings with employees to discuss their concerns and request feedback from the employee. And managers should provide feedback to their employees at least quarterly to help make sure they are on track with performance expectations. These regular check-ins can help an employee feel heard, feel more empowered in impacting their workplace culture, and give supervisors insight into how a team is functioning (or dysfunctioning).

Measure success. Create organization-wide expectations for supervisors to set goals and provide employee reviews, and make sure managers record the progress.
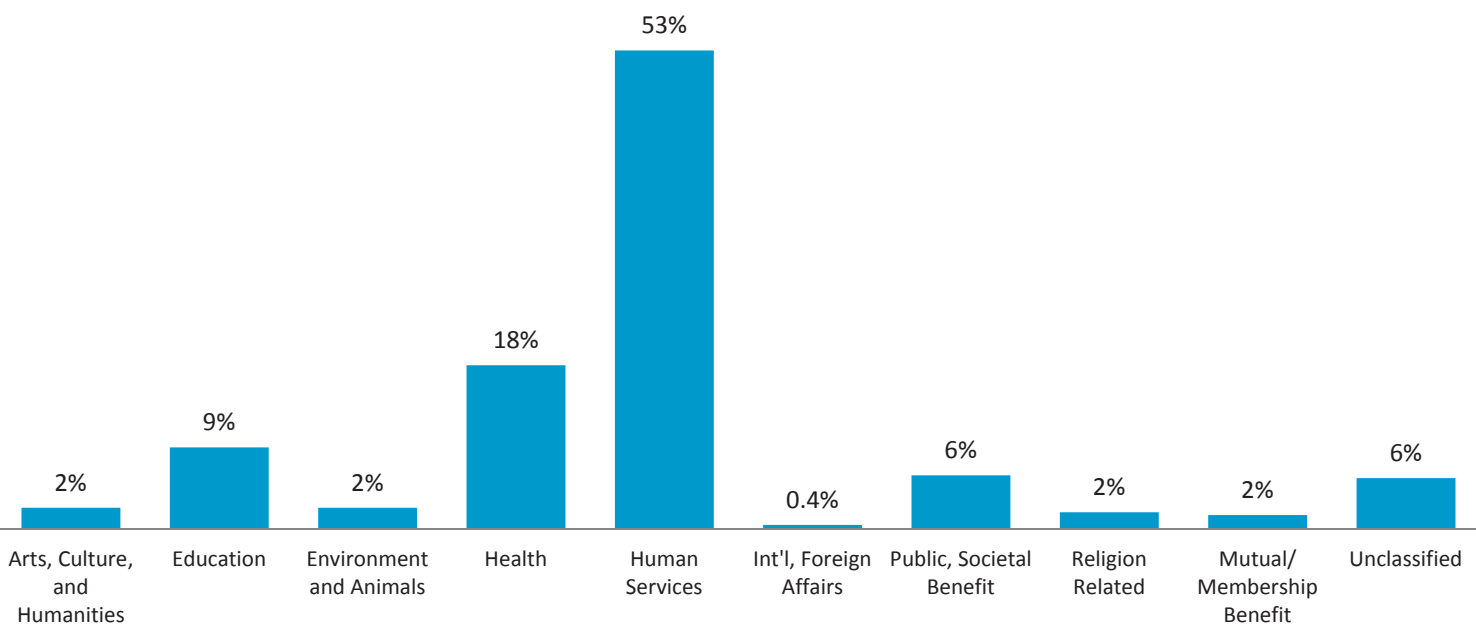
Good managers aren't born, they're created. Providing leadership education and management-skill training is vital to helping build the leadership an organization needs to engage and retain employees.
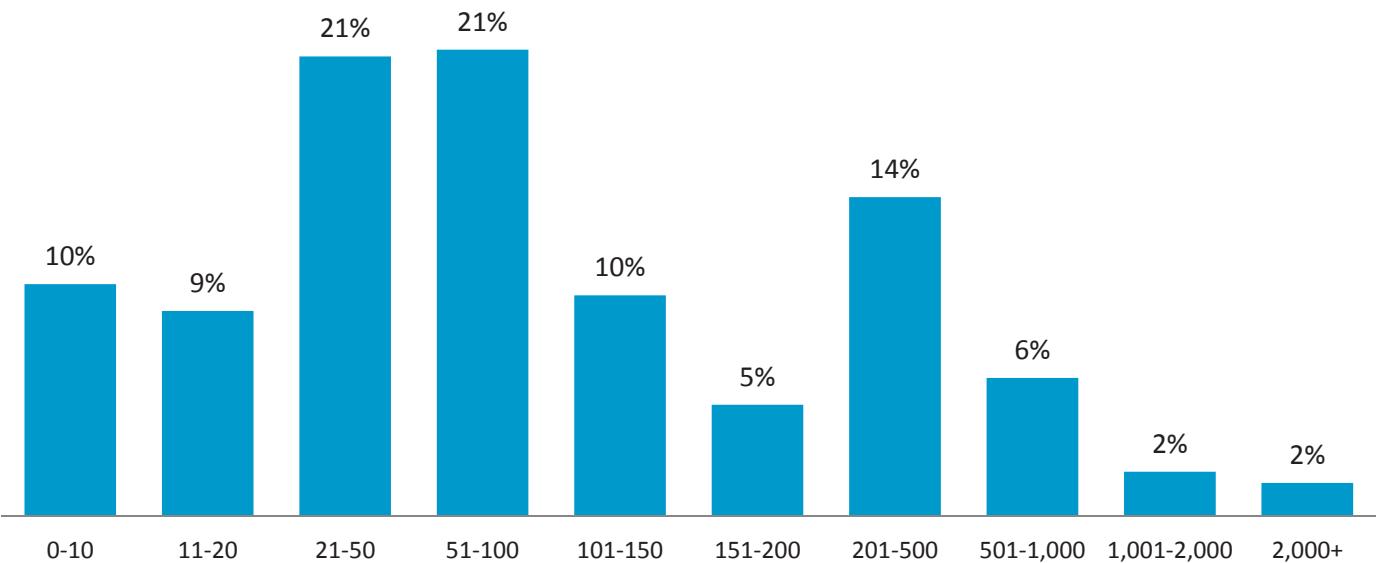
Key Takeaways

1.   Culture, mission, and purpose are key drivers of satisfaction for nonprofit employees. It's important to communicate purpose to employees to keep them engaged from the outset. Setting goals that directly affect the mission, and celebrating their successes, is one of the best ways to keep employees engaged and increase retention. Culture is driven by the values that the organization and its managers express—so make sure any core beliefs and desired behaviors are communicated from the top down and are tied to your mission.

2.   Nonprofits should focus on improving the things they can, because it can have a ripple effect. Managing stress for employees by lessening their workload can lower turnover. If employers can't lower stress, they can focus on better communication between supervisors and employees, or providing better tools and feedback to improve satisfaction, which improves retention and turnover as well.

3.   When hiring, focus on the right fit for culture and the job because the better employees get along, the more satisfaction they have. Nonprofit employees are unique. They have to care about what they do and the impact they are making to be happy—so hire someone who cares—and watch that passion drive your organization's success.

4.   Compensation is an underestimated need, specifically for those who do not feel fairly compensated. Once employees feel fairly compensated, money is not a source of additional satisfaction. Bringing employee wages to a level consistent with expectations and/or needs for living, will allow them to focus on more important things that directly serve your mission.

5.   Strong leadership is absolutely vital. Goals, feedback, supervisor communication, autonomy, and resources all have an effect on satisfaction and/or turnover. Supervisors underestimated their level of communication and feedback on performance compared to what employees reported — indicating that nonprofits have more work to do when it comes to providing the support and guidance that their employees are seeking. A focus on training management will strengthen the sector.
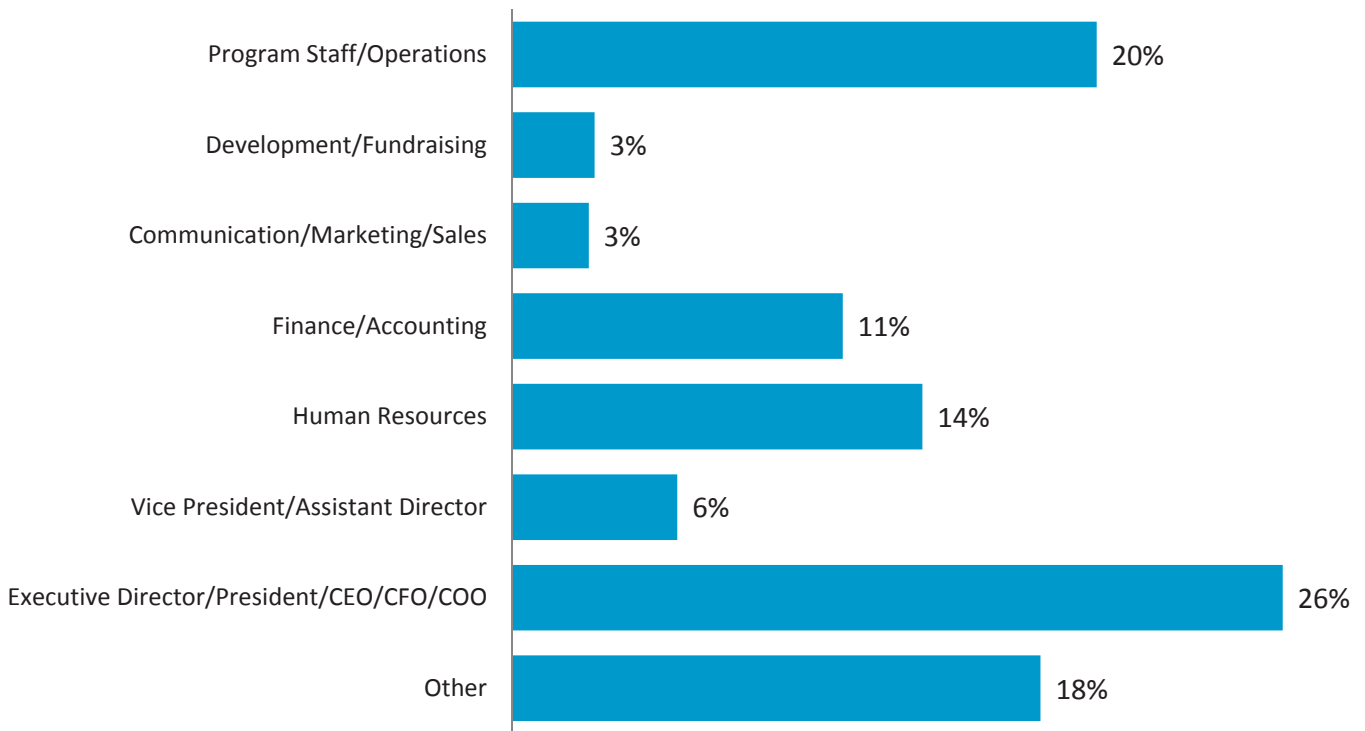
About the Survey Respondents

Respondents by Sector

Sector	%
Arts, Culture, and Humanities	2%
Education	9%
Environment and Animals	2%
Health	18%
Human Services	53%
Int'l, Foreign Affairs	0.4%
Public, Societal Benefit	6%
Religion Related	2%
Mutual/Membership Benefit	2%
Unclassified	6%

Respondents by Size

Size	%
0-10	10%
11-20	9%
21-50	21%
51-100	21%
101-150	10%
151-200	5%
201-500	14%
501-1,000	6%
1,001-2,000	2%
2,000+	2%

Respondents by Job Category

Job Category	Percentage
Program Staff/Operations	20%
Development/Fundraising	3%
Communication/Marketing/Sales	3%
Finance/Accounting	11%
Human Resources	14%
Vice President/Assistant Director	6%
Executive Director/President/CEO/CFO/COO	26%
Other	18%

Respondents by Age Category

Age Category	Percentage
Millennial (18-35)	19%
Gen X (36-55)	47%
Baby Boomer (56-75)	32%
Prefer not to say	2%

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