



A joint project of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies in cooperation with the Alliance for Children and Families, the Alliance for Nonprofit Management, the American Association of Homes and Services for the Aging, the American Association of Museums, Lutheran Services in America, the National Council of Nonprofit Associations, Theatre Communications Group, and United Neighborhood Centers of America

COMMUNIQUÉ No. 8

The Nonprofit Workforce Crisis: Real or Imagined?

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Introduction

America's nonprofit organizations are facing an employment crisis, or so recent newspaper accounts would lead us to believe. "Where the Money Isn't—Nonprofits Face Tough Time Filling Staff Jobs," is how one article recently put it. "Social Work Profession Faces Impending Labor-Force Shortages," notes a second. "Long Hours, Low Pay Turn Off Young Nonprofit Workers," asserts a third.¹ Low wages, student debt, the limited appeal of many front-line service jobs in industries in which nonprofits are engaged, limited opportunity for advancement, and lack of adequate benefits have all been implicated as causes of a significant nonprofit workforce crisis.

At the same time, however, other data suggest a boom in nonprofit employment. Thus, a recent report from the Johns Hopkins Nonprofit Employment Data Project based on employment data compiled by federal and state officials found that employment in nonprofit organizations grew by 5 percent between 2002 and 2004 while overall employment in the American economy declined by .2 percent. Nor was this nonprofit growth concentrated among hospitals, the 800 lb. gorilla of the nonprofit sector. To the contrary, nonprofit hospital employment actually declined during this period while employment in the nonprofit educational services field swelled by nearly 8 percent, that in nonprofit nursing and residential care facilities by 5.8 percent, and that in social assistance by 4.4 percent.² What is more, earlier data suggest that this has been a long-term trend, stretching back for at least a decade or more.

What is going on here? If nonprofit organizations are really facing a crisis in attracting and retaining employees, why is their

employment expanding so robustly? Could it be that the recruitment and retention problems are concentrated in particular fields or in particular positions? Or are nonprofit managers simply finding ways to surmount the very real workforce challenges they are facing? If so, how are they doing this and what lessons does this hold for others in the sector?

To answer these questions, the Johns Hopkins Nonprofit Listening Post Project made nonprofit staff recruitment and retention the focus of the latest "Sounding" of its unique national sample of nonprofit operating organizations in five key fields of activity (children and family services, elderly housing and services, community and economic development, theaters, and museums).³ Of special concern in this Sounding was recruitment and retention not of senior managers but of the core of the nonprofit workforce—the *front-line service workers, programmatic staff, and administrative and other support personnel*. Throughout we will refer to these as "professional and support staff."

Significant Recruitment Activity

A first conclusion to emerge from this survey is that surveyed organizations were no strangers to staff recruitment during this period. To the contrary, more than 9 out of every 10 of these organizations reported adding at least one new hire during the year preceding the survey. What is more, 8 in 10 of these organizations experienced at least one staff departure. To be sure, the turnover and hiring activity was somewhat lower among small organizations, and among theaters, but two out of every three of these organizations also reported some recruitment activity during the year. This suggests that this sample of organizations

¹ *Westchester County Business Journal* (October 16, 2006); *Philanthropy News Digest* (March, 13 2006); *Chronicle of Philanthropy* (November 9, 2006).

² *Employment in America's Charities: A Profile*, by Lester M. Salamon and S. Wojciech Sokolowski (Baltimore: Johns Hopkins Center for Civil Society Studies, December 2006).

³ The Johns Hopkins Listening Post Project maintains two panels of nonprofit organizations in its fields of operation. The first is a panel of organizations self-selected from the membership of five nonprofit umbrella associations (The Alliance for Children and Families, the American Association of Museums, the American Association of Homes and Services for the Aging, National Congress for Community and Economic Development, and Theatre Communications Group). The second is a panel of unaffiliated organizations in similar fields randomly selected from the Internal Revenue Service's Exempt Organization Master File or from other lists of agencies provided by the partner organizations, where these

should provide a reasonable “window” into the nonprofit employment and retention scene.

A Challenging Recruitment Environment

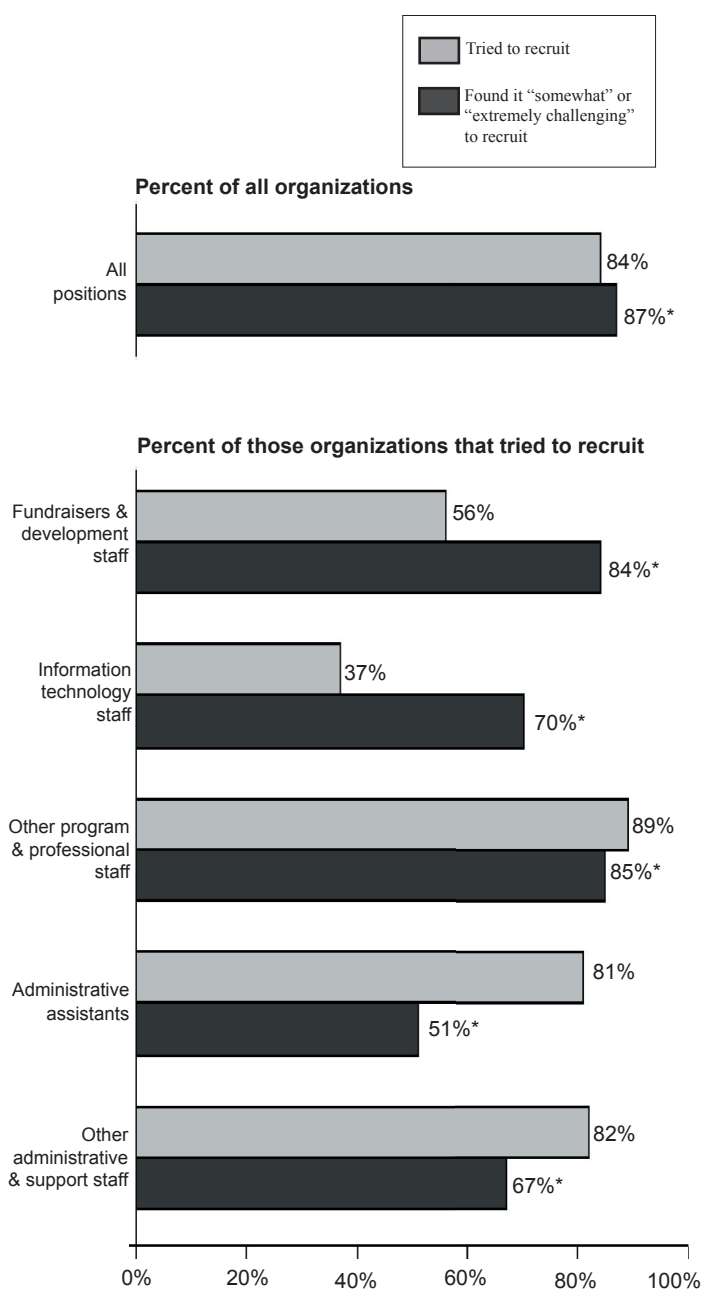
Overview. Generally speaking, the sampled organizations reported that the environment for recruiting professional and support personnel was challenging. Thus of the 84 percent of all organizations that reported recruiting such personnel in the past year, 87 percent found it at least “somewhat challenging” to do so, though only 21 percent found it “extremely challenging” to do so (see Figure 1). This pattern did not vary much by field, moreover, though elderly service organizations were somewhat more likely to report a challenging recruiting environment overall (see Appendix Table 2).

Variations by position. Some variations were apparent with respect to particular positions. Interestingly organizations reported the most difficulty recruiting “other program and professional personnel”—the front-line workers in many of these organizations. Thus, of the 89 percent of all organizations that did some recruiting for other program and professional workers, 85 percent found it “somewhat” or “extremely” challenging (see Figure 1).

Also relatively challenging was recruiting fundraisers: of the 56 percent of all organizations that sought to fill such positions over the previous year, the overwhelming majority (84 percent) found it challenging. By contrast, considerably smaller proportions of the organizations reported challenges in recruiting administrative assistants or other administrative and support personnel. The one exception was information technology staff. Seventy percent of the organizations recruiting such personnel reported challenges doing so.

People of color.⁴ The degree of challenge organizations reported was also considerably greater when it came to recruiting people of color than it was in general. Thus, for example, only 28 percent of the organizations seeking information technology workers reported it was “extremely challenging” to recruit qualified candidates, but 49 percent reported it was “extremely challenging” to recruit people of color for such positions. Similar disparities in the proportions of organizations reporting it was “extremely challenging” to recruit qualified candidates in general vs. those of color were evident for other positions (44 percent vs. 60 percent for fundraising positions, 27 percent vs. 42 percent for other program and professional positions, and 9 percent vs. 28 percent for administrative assistant positions—see Figure 2). These findings underscore the difficulties nonprofit organizations face keeping their workforces as diverse as the populations they serve.

Figure 1: Recent Nonprofit Experience Recruiting Professional and Support Personnel



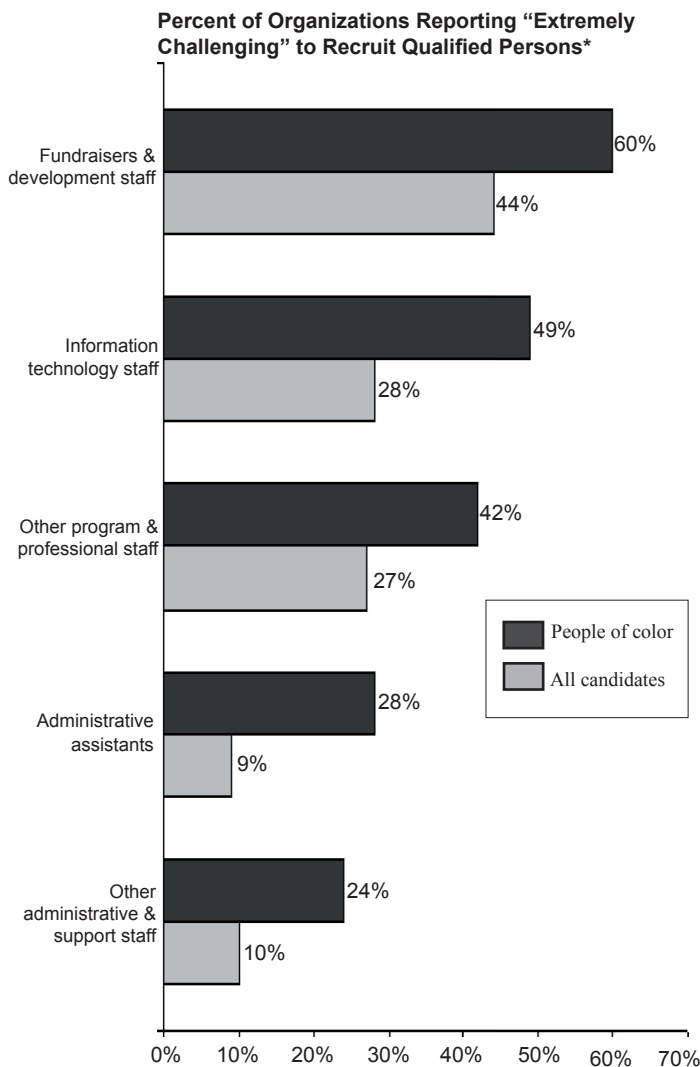
*Computed as a percent of organizations seeking to fill these positions

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007.

were more complete. The project regularly takes “Soundings” of these organizations on key challenges facing the nonprofit sector. For this Sounding on workforce recruitment and retention, 790 organizations—422 affiliated and 368 unaffiliated organizations—were approached and 295, or 37 percent, responded. Appendix Table 1 provides detail on the size and fields of both the directed and random panels.

⁴ A central goal of this workforce survey has been to assess the challenges that organizations face in ensuring a diverse workforce. No term is fully accepted to refer to individuals who add diversity to a workplace, however. After careful review of the available alternatives and the existing literature, and after discussions with our diverse project Steering Committee, the

Figure 2: The Special Challenge of Recruiting People of Color



*Computed as a percent of organizations seeking to fill these positions

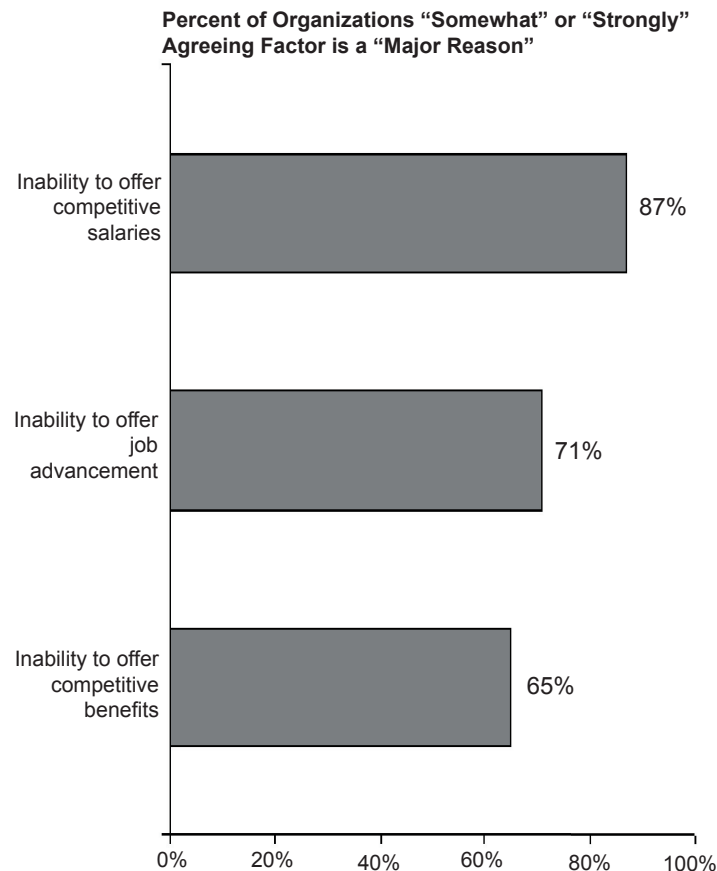
SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007.

Causes of the Challenges

The major problem that nonprofits identified as causing challenges for their recruitment was an “inability to offer competitive salaries.” As Figure 3 reports, 87 percent of the organizations “somewhat” or “strongly” agreed that this factor was a major reason for the difficulty nonprofits confront in recruiting and retaining qualified workers.

Also figuring prominently in nonprofit assessments of the reasons for the sector’s personnel recruitment challenges were two other factors: limited job advancement opportunities (identified by 71 percent of the organizations) and inability to offer competitive benefits (identified by 65 percent of the responding organizations).

Figure 3: Nonprofit Perceptions of Reasons for Difficulties in Recruiting and Retaining Staff (n=277)



SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

These factors figured differently in the recruitment efforts of different types of organizations. Thus, elderly service organizations were less likely than other types of organizations to report difficulties offering competitive salaries and both elderly service and family service organizations were less likely to report difficulties offering competitive benefits. As a group, moreover, the affiliated organizations were also less likely to report problems offering competitive benefits. This suggests that affiliation status may offer access to benefit packages that can be useful in staff recruitment (see Appendix Table 3).

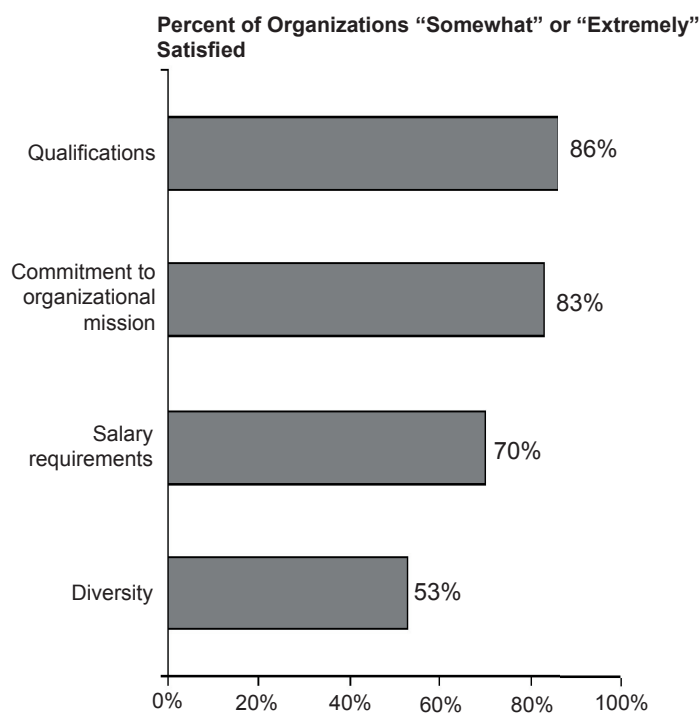
Success in the Face of Challenges

Overall satisfaction. Despite the widespread perception of significant challenges in recruiting professional and support personnel, surveyed organizations reported considerable satisfaction with their ability to attract the personnel they needed. Thus, as shown in Figure 4, an overwhelming 86 percent of the organizations reported that they were satisfied with the qualifications of the employees they recruited, 83 percent were satisfied with the commitment that new hires exhibited toward the organization’s mission, and 70 percent were satisfied with the

Listening Post Project settled on the term “people of color” as the most inclusive and often-used term. This term was used in the survey to refer collectively to African Americans, American Indians, Alaska Natives, Asian Americans and Pacific Islanders, Hispanic/Latino Americans, multiracial individuals, and all other persons who are not categorized as white by the U.S. census.

applicants' salary requirements. The only area where dissatisfaction was widespread was with regard to the level of diversity organizations were able to achieve: here only about half of the organizations expressed satisfaction.

Figure 4: Nonprofit Satisfaction with Job Candidates (n=231)

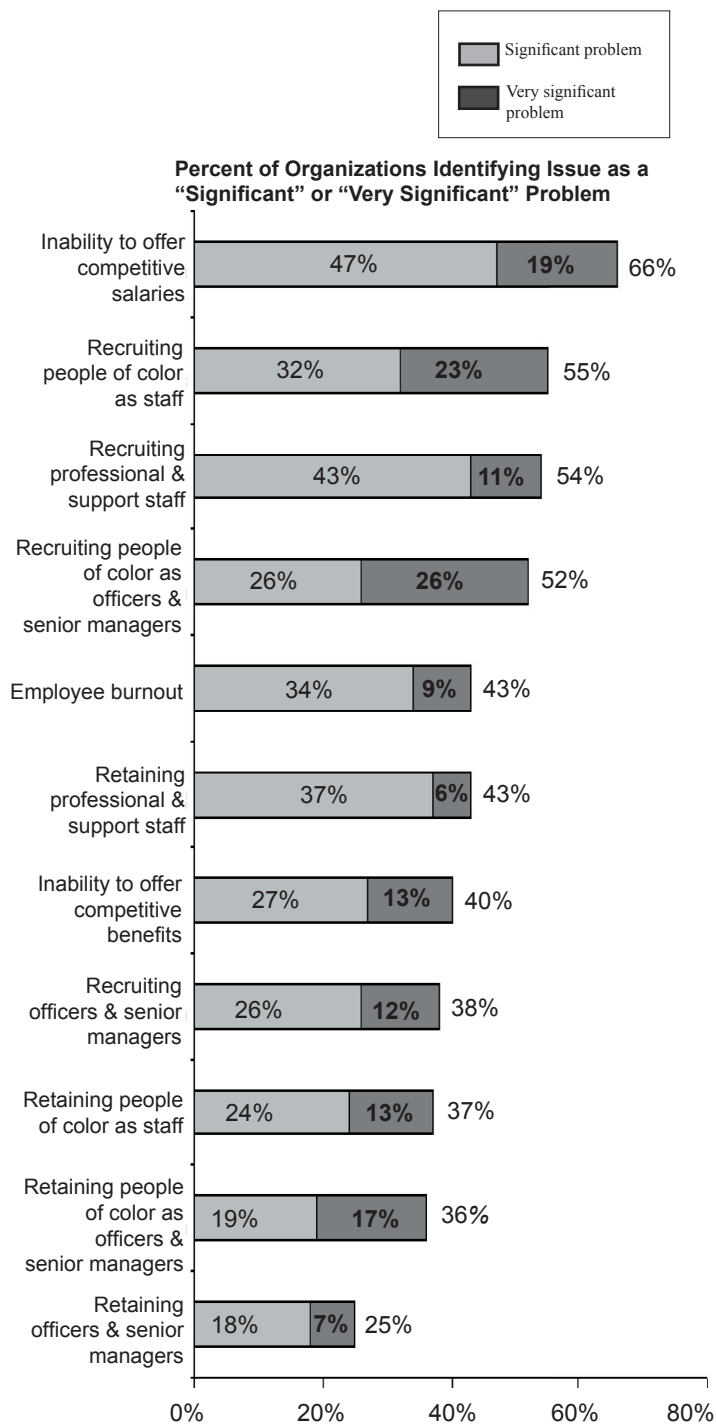


SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Limited variations by size and type of organization. This general picture of widespread satisfaction with the results of recruitment efforts was widely shared among organizations of different sizes and in different fields. (see Appendix Table 4). The one significant deviation was the low proportion of theaters and museums that reported satisfaction with the diversity of their applicants. In addition, theaters, museums, and smaller organizations in general were somewhat less satisfied with the salaries that candidates required, though here majorities of both groups still reported satisfaction. Overall, therefore, it appears that the organizations were able to satisfy their recruitment objectives in the face of significant challenges.

Problems averted. Reflecting this, the share of organizations indicating that they actually encountered "significant" or "very significant" problems with staff recruitment or retention was actually far less pronounced than some of the recent press accounts would suggest. The most common problem encountered was the inability to offer competitive salaries: two-thirds of the organizations indicated that this was a "significant" or "very

Figure 5: Perceived Staff Recruitment and Retention Problems Among Nonprofits



SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

significant" problem for them, though even here for at least one set of organizations—those in the elderly housing and services field—the share of organizations reporting a significant problem was less than half (see Figure 5 and Appendix Table 5).

The proportions of organizations reporting other problems was much more muted. Thus:

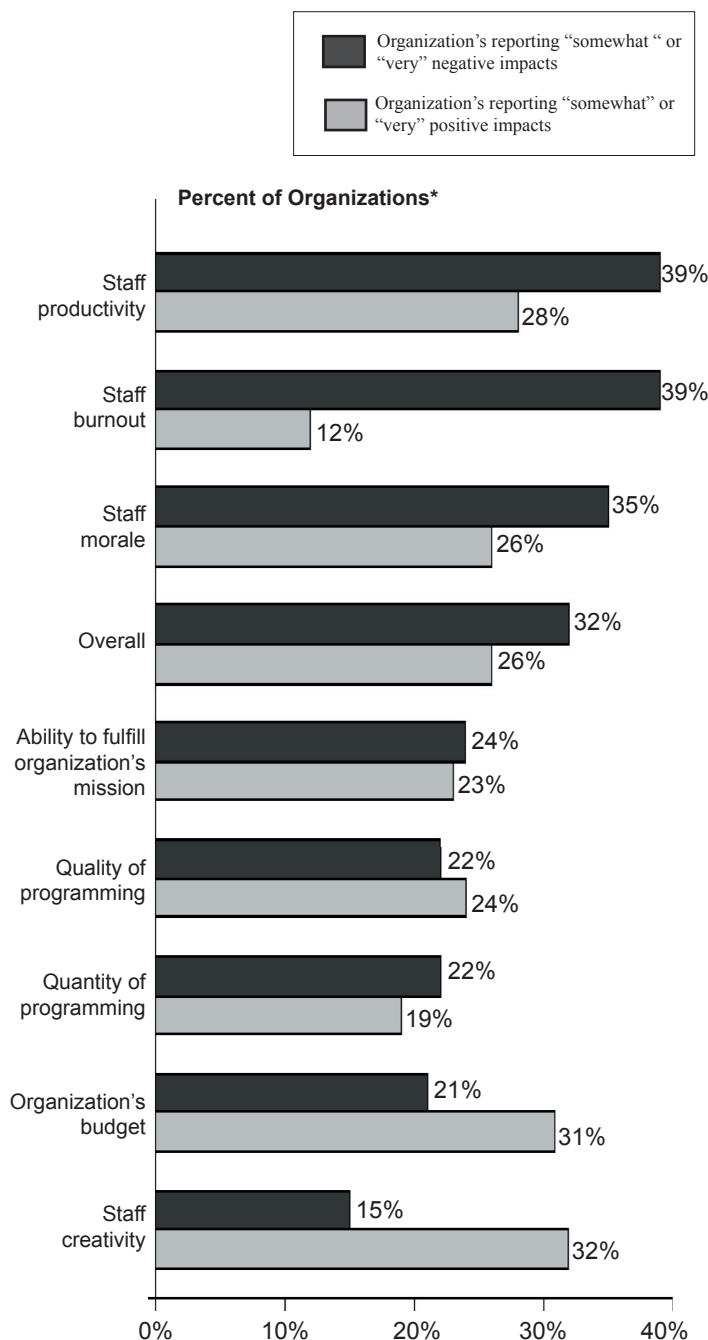
- Just about half of the organizations reported significant problems recruiting professional and support staff, though this figure was somewhat higher among the main human service agencies serving children and the elderly;
- Similarly, barely over half of the organizations reported a significant problem recruiting people of color for either professional and support or managerial positions;
- Fewer than half of the organizations reported “significant” or “very significant” problems with other human resource issues, such as:
 - Employee burnout (43 percent);
 - Retaining professional and support staff (43 percent);
 - Offering competitive benefits (40 percent);
 - Recruiting officers and senior managers (38 percent);
 - Retaining people of color on staff (37 percent);
 - Retaining people of color as managers (36 percent); and
 - Retaining all officers and managers (25 percent).

Limited negative impact of staff turnover. Further support for the conclusion that organizations were able to overcome whatever challenges they faced in recruiting and retaining staff comes from responses to a series of questions about the impact on organizations of the departure of professional and support personnel. Four out of five surveyed organizations indicated that they experienced some staff departure over the previous year. Surprisingly, however, the proportions claiming negative effects from this turnover were less pronounced than might have been expected, and were often offset by roughly similar proportions claiming positive effects. Thus, as Figure 6 shows:

- 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;
- In other areas, such as ability to fulfill the organization’s mission, quantity of programming, and quality of programming, fewer than a quarter of the organizations identified negative effects resulting from staff turnover, and in all of these, similar, or greater, proportions identified positive effects;
- The one contrary piece of evidence came in responses to an opinion question about whether challenges relating to staff recruitment and retention were affecting organizations’ “ability to operate effectively,” but even here only 56 percent of respondents “somewhat” or “strongly” agreed with this statement, and only 11 percent of these were in the “strongly” agreed category.

These findings suggest a considerable degree of organizational resilience in the face of some significant workforce challenges.

Figure 6: Effect of Staff Turnover on Organizations (n=221)



*Computed as a percent of organizations reporting staff turnover

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Strategies for Success

How did our surveyed organizations achieve this level of success in their recruitment and retention efforts? From the evidence in our survey, it appears that they got the most substantial mileage out of fairly traditional approaches.

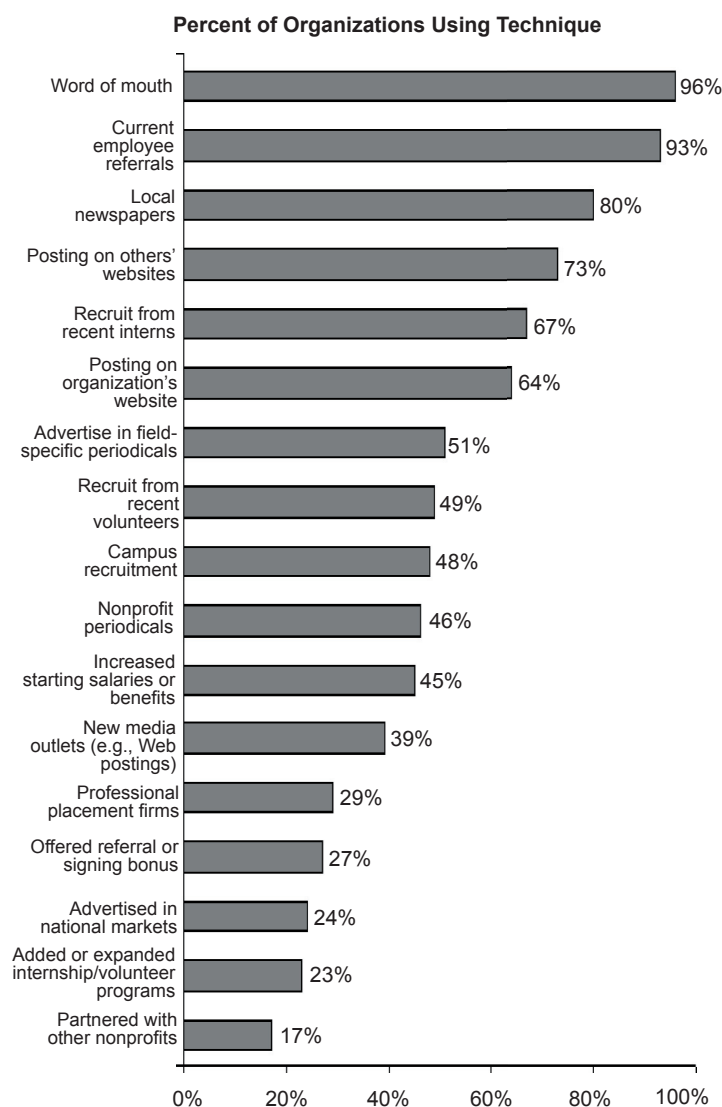
As noted in Figure 7 below, by far the most commonly used recruitment techniques were also the most traditional—word of mouth, current employee referral, and local newspapers. What is more, over half of the organizations rated one of these three approaches as the most effective one utilized.

At the same time, substantial proportions of organizations also experimented with a substantial range of additional recruitment and retention methods. These included:

- Posting positions on the websites of other organizations (73 percent of organizations);
- Recruiting from among recent interns (67 percent);
- Recruiting from volunteers (49 percent);
- Campus recruitment visits (48 percent);
- Increasing starting salaries or offering benefits (45 percent) or referral or signing bonuses (27 percent);
- Adding or expanding internship/volunteer programs (23 percent).

Interestingly, one of the more surprising findings in view of the sizable proportions of organizations that identified serious challenges attracting people of color to their organizations, only about a third of the organizations implemented strategies specifically designed to attract such candidates.

Figure 7: Recruitment Techniques Used by Nonprofits to Attract Professional and Support Workers (n=231)



SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Clearly, the satisfaction that organizations were able to achieve in their recruitment activities did not come automatically. Rather, significant recruitment campaigns had to be launched deploying a variety of techniques, often in tandem with each other. In short, nonprofits have ramped up their recruitment efforts in the face of the challenges they face, and these efforts seem to be reaping effective returns.

Conclusions

Workforce recruitment and retention issues have recently triggered considerable concern within the nonprofit sector. But the assumption that nonprofits are losing out in the competitive market for personnel does not seem to be borne out by the actual experience of nonprofit organizations, at least as revealed by this survey. Nonprofits of different sizes and fields, some affiliated with national intermediary organizations and some not, appear to be coping with the considerable recruitment and retention challenges they face and finding employees with the commitment, the qualifications, and the willingness to work that they need. These findings are consistent, moreover, with other data documenting the continuing, considerable growth of nonprofit employment in a wide variety of fields.

To be sure, the findings reported here do not exhaust all the issues that surround nonprofit recruitment and retention. Accordingly, the Listening Post Project has plans to tap further the extraordinary body of data it has generated in order to calculate nonprofit vacancy and separation rates, assess the possible explanations for differences in recruitment and retention performance, and create a set of benchmarks against which individual organizations can compare their results.

For now, however, what seems clear is that, despite their drawbacks, nonprofits have many advantages as places of employment. While this is no reason for nonprofits to ease up on their recruitment and retention efforts, it does provide some comfort that a new generation of Americans recognizes and appreciates the special qualities and opportunities that nonprofits represent.

Appendix

**Appendix Table 1
Respondents by Field and Size of Organization**

Field	Affiliated		Unaffiliated		Total	
	n	%	n	%	n	%
Theaters	39	23%	21	16%	60	20%
Children and Family Services	50	30%	43	34%	93	32%
Museums	31	19%	26	20%	57	19%
Elderly Housing and Services	32	19%	14	11%	46	16%
Community and Economic Development	15	9%	24	19%	39	13%
TOTAL	167	100%	128	100%	295	100%

Size*	Affiliated		Unaffiliated		Total	
	n	%	n	%	n	%
Small (>\$500,000)	14	10%	41	48%	55	24%
Medium (\$500,000–\$3 million)	46	32%	28	33%	74	32.5%
Large (>\$3,000,000)	83	58%	16	19%	99	43.5%
Total	143	100%	85	100%	228	100%

*Note: revenue figures not available for all respondents

**Appendix Table 2
How Challenging Has It Been to Recruit Professional/Support Personnel,
by Field, Size, and Affiliation Status of Organizations**

Position	n1/n2*= Tried to recruit Challenging to recruit*	All Orgs.	Field					Size			Affiliation	
			Children & Family Services	Elderly Housing & Services	Community & Econ Development	Museums	Theaters	Small	Medium	Large	Affiliated	Unaffiliated
		277/231	87/81	45/38	33/28	54/46	58/38	41/28	74/60	99/93	164/146	113/85
All positions	Tried to recruit	84%	94%	84%	85%	85%	66%	68%	82%	94%	90%	75%
	Challenging to recruit*	87%	89%	92%	79%	87%	84%	86%	82%	90%	88%	86%
Fundraisers & development staff	Tried to recruit	56%	56%	54%	41%	49%	81%	28%	53%	70%	61%	48%
	Challenging to recruit*	84%	84%	65%	91%	86%	93%	86%	97%	80%	83%	87%
Administrative assistants	Tried to recruit	81%	85%	83%	78%	76%	78%	67%	73%	90%	83%	78%
	Challenging to recruit*	51%	57%	37%	48%	59%	45%	72%	59%	40%	49%	55%
Information technology staff	Tried to recruit	37%	38%	38%	26%	38%	39%	16%	26%	49%	39%	33%
	Challenging to recruit*	70%	77%	36%	71%	81%	77%	75%	73%	69%	67%	77%
Other administrative & support staff	Tried to recruit	82%	84%	92%	68%	82%	77%	67%	68%	97%	87%	74%
	Challenging to recruit*	67%	65%	71%	68%	70%	63%	72%	63%	64%	63%	76%
Other program & professional staff	Tried to recruit	89%	95%	84%	89%	86%	87%	84%	85%	96%	92%	86%
	Challenging to recruit*	85%	87%	88%	83%	86%	79%	86%	79%	87%	84%	88%

*n varies somewhat by position

n1=Number responding to "did you recruit"

n2=Number responding "yes" to "did you recruit"

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Appendix Table 3
Difficulties Nonprofits Face in Recruiting and Retaining Qualified Professional and Support Workers,
by Field, Size, and Affiliation Status of Organizations

(% of organizations that “strongly agree” or “somewhat agree” that factor is a “major reason”)

Factor	All Orgs.	Field					Size			Affiliation	
		Children & Family Services	Elderly Housing & Services	Community & Econ Development	Museums	Theaters	Small	Medium	Large	Affiliated	Unaffiliated
n=	277	87	45	33	54	58	41	74	99	164	113
Inability to offer competitive salaries	87%	91%	67%	85%	96%	91%	93%	93%	84%	87%	88%
Inability to offer competitive benefits	65%	56%	52%	73%	72%	76%	80%	73%	53%	59%	73%
Inability to offer job advancement	71%	74%	58%	82%	78%	64%	68%	76%	72%	71%	70%

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Appendix Table 4
Nonprofit Satisfaction with Applicants for Professional and Support Positions,
by Field, Size, and Affiliation Status of Organizations

(% of organizations “extremely” or “somewhat” satisfied with applicants along various dimensions)

Dimension	All Orgs.	Field					Size			Affiliation	
		Children & Family Services	Elderly Housing & Services	Community & Econ Development	Museums	Theaters	Small	Medium	Large	Affiliated	Unaffiliated
n*=	231	81	38	28	46	38	28	60	93	146	85
Qualifications	86%	81%	95%	86%	83%	89%	75%	85%	94%	88%	81%
Commitment to organizational mission	83%	83%	87%	79%	78%	87%	71%	83%	87%	85%	79%
Salary requirements	70%	74%	82%	75%	60%	58%	57%	71%	74%	75%	61%
Diversity	53%	69%	66%	61%	36%	21%	46%	42%	55%	54%	52%

*n varies somewhat by dimension

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Appendix Table 5
Perceived Staff Recruitment and Retention Problems,
by Field, Size, and Affiliation Status of Organizations
 (% identifying problem as “very significant” or “significant”)

Problem	All Orgs.	Field					Size			Affiliation	
		Children & Family Services	Elderly Housing & Services	Community & Econ Development	Museums	Theaters	Small	Medium	Large	Affiliated	Unaffiliated
n*=	277	87	45	33	54	58	41	74	99	164	113
Inability to offer competitive salaries	66%	64%	47%	73%	69%	78%	76%	70%	59%	63%	70%
Recruiting people of color	55%	50%	51%	33%	61%	70%	46%	58%	56%	53%	57%
Recruiting professional & support staff	54%	62%	58%	42%	57%	42%	44%	50%	56%	53%	55%
Recruiting people of color as officers & senior managers	52%	41%	52%	36%	62%	67%	46%	49%	60%	58%	44%
Employee burnout	43%	34%	34%	56%	48%	52%	45%	36%	43%	40%	49%
Retaining professional & support staff	43%	43%	51%	45%	46%	31%	41%	36%	43%	41%	45%
Inability to offer competitive benefits	40%	31%	33%	39%	43%	55%	59%	45%	24%	34%	49%
Recruiting officers & senior managers	38%	30%	27%	36%	52%	47%	54%	41%	31%	39%	37%
Retaining people of color as staff	37%	29%	25%	24%	55%	47%	35%	41%	34%	35%	40%
Retaining people of color as officers & senior managers	36%	26%	24%	27%	52%	51%	38%	39%	36%	37%	34%
Retaining officers & senior managers	25%	15%	11%	31%	53%	25%	36%	29%	17%	21%	32%

*n varies somewhat by problem

SOURCE: Johns Hopkins Nonprofit Listening Post Project, *Workforce Recruitment and Retention Sounding*, 2007

Acknowledgments

We are grateful to our Johns Hopkins colleagues, Nicole Feldhaus (design and production), Mimi Bilzor (editorial guidance), Sue Lorentz (data analysis), and Valerie Eubert (technical support); and our extremely supportive project partners – Peter Goldberg and Tom Lengyel of the Alliance for Children and Families; Brigitte Rouson of the Alliance for Nonprofit Management; Elizabeth Merritt and Philip Katz of the American Association of Museums; Katie Sloan of the American Association of Homes and Services for the Aging; Jill Schumann of Lutheran Services in America; Erica Greeley and Audrey Alvarado of the National Council of Nonprofit Associations; and Chris Shuff of the Theatre Communications Group.

Additionally, we are appreciative of the generous funding support we have received for the Listening Post Project from the Carnegie Corporation of New York, the Bill and Melinda Gates Foundation, the Ewing Marion Kauffman Foundation, the Rockefeller Brothers Fund, and the Surdna Foundation.