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Bleeding Hearts and Minds? Social Performance and the Nonprofit Employee Value Proposition

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Abstract

Organizations in the nonprofit sector are facing increasing competition for talent while trying to respond to significant unmet needs presented by the communities and/or beneficiaries they serve (McGinnis Johnson & Ng, 2015; Guo, Brown, Ashcraft, Yoshioka, and Dong, 2011). The purpose of this research is twofold: (a) discover how each element of nonprofit organizations' employee value propositions (Minchington, 2011) drives employment decisions for those employees and (b) explore how nonprofit recruitment and retention success is affected by an increase in social impact performance and/or an improvement in how that impact is communicated.

This study of full-time employees of 501(c)3 charitable organizations across the United States found some evidence pointing toward work content and affiliation as key drivers of nonprofit employee recruitment and retention, and pay/compensation as an additional driver of nonprofit employee retention. The study results also point to potential correlations between work content and affiliation and the strength of employees' understanding of, and belief in, their organization's mission-related performance.

Introduction to Study: Purpose and Methodology

Americans look to the social/nonprofit sector to create outcomes that the corporate/for-profit and public/government sectors cannot or will not. Better, faster outcomes depend in part on having human talent to create and guide those outcomes, and that talent is getting harder to find and harder to keep (McGinnis Johnson & Ng, 2015; Guo, Brown, Ashcraft, Yoshioka, and Dong, 2011). The replacement of retiring Baby Boomers with Millennials in the workforce fosters an urgent need to understand what will drive recruitment, performance and, if possible, retention for a group that shows signs of both greater intrinsic motivation (i.e., a desire for meaningful and fulfilling work) and extrinsic motivation (e.g., expectations of higher compensation and expedited promotions) (McGinnis Johnson & Ng, 2015). Additionally, increasing non-standardization of jobs in the United States and increasing employee free agency (positive or negative, voluntary or involuntary) will prompt its own set of considerations for employers and business partners who need to look in new places for talent (Guo, Brown, Ashcraft, Yoshioka, and Dong, 2011).

The Conventional Wisdom, Part 1: Nonprofit Workers Donate Labor in Exchange for Meaningful Work

In looking at how nonprofit organizations can best recruit, motivate and retain employees, we start with some of the common assumptions about the sector's talent base. The conventional wisdom about what motivates job choice in nonprofit talent typically references nonprofit workers' perceived willingness to get paid less to do work they find important or meaningful. Findings from multiple studies support the assumption that nonprofit workers earn lower wages and volunteer more of their time without pay in comparison with private sector employees (Knutson & Chan, 2015; McGinnis Johnson & Ng, 2015; Su & Bozeman, 2009). These findings in part support the donative labor hypothesis, the theory that nonprofit professionals are willing to work for lower pay, and/or volunteer extra time while at work (Knutson & Chan, 2015), because they see higher intrinsic value from their work (Benz, 2005; Frumkin & Keating, 2010; Leete, 2006).

Some research, however, contradicts the idea that we have a wholesale or one-directional wage gap between nonprofit workers and their for-profit counterparts, pointing to variables that may affect wages differently (Becchetti et al., 2013; Leete, 2001; Leete, 2006). McGinnis Johnson and Ng (2015) point to trends that would predict further shifts away from the donative labor hypothesis' validity as Millennials have different expectations and assumptions about their careers and the appropriate value exchange between employees and employers. The findings from their study of Millennial nonprofit workers showed that these employees were no more likely to value pay increases than their Millennial counterparts in other sectors and they were no more likely to stay in the nonprofit sector if their pay was increased (McGinnis Johnson & Ng, 2015).

What we have is a mixed bag, where some studies have shown clear support for the donative labor hypothesis and others have refuted it. We also have a lack of clarity

about if and when a nonprofit wage differential is in play, as many factors may play a role in creating a positive or negative nonprofit wage differential.

The Conventional Wisdom, Part 2: Nonprofit Workers Just Want to Do Good

As mentioned above, the conventional wisdom often leans on an assumption that nonprofit workers are intrinsically motivated do-gooders. In some cases, research has shown an overall higher level of intrinsic motivation for nonprofit workers, who were willing to work longer hours for a smaller pay increase than their for-profit counterparts (Lanfranchi, Narcy, and Larguem, 2010). Further to the point, Benz (2005) found evidence to support a higher level of job satisfaction for nonprofit employees, when compared to comparable for-profit employees, and he found that their higher job satisfaction was attributable to work benefits other than financial rewards.

However, Becchetti, Castriota, and Tortia (2013) point to those workers who do accept lower nonprofit salaries as markers of both (a) the intrinsically motivated who are focused on a social goal over a personal financial one *and* (b) the extrinsically motivated who take roles in the nonprofit sector because they are unable to find a better-paying role in the for-profit sector. Employees derive greater intrinsic motivation when they trust in their own impact and build a sense of their own contribution to accomplishing a meaningful goal (Cho and Perry, 2012). So while many managers in nonprofit organizations can and do use social performance measures in individual and team management, many supervisory teams fall short in making these linkages clear. Arvidson and Lyon (2014) found that, despite initial resistance to measuring or reporting social performance, certain case organizations they studied used social impact evaluations to motivate internal staff while persuading external funders.

In other words, nonprofit workers' motivations, sense of organizational performance, and their expectations for how they are compensated for their work, are likely more complicated and variable than the conventional wisdom would have us believe.

Investigating the Nonprofit Employee Value Proposition

With considerable research conducted to date, we still need to dig deeper to improve our understanding of the varied and evolving drivers of nonprofit employee job choice motivation. In doing so, we can add clarity and direction to those factors employers can predict and influence.

This research sought to discover the extent to which each aspect of nonprofit organizations' employee value propositions drives satisfaction or engagement for those employees. One question that was ripe for exploration was whether individuals working in the social sector are more likely to stay with their current organization, and/or stay in the sector, if they can see a positive level of social performance against the organization's mission. The bigger-picture relevance of this study was to explore whether an increase in social impact performance, and/or an improvement in how that impact is communicated to potential and current employees, could affect recruitment and retention success in nonprofits.

Like employees across all sectors, the approximately 11 million people who work in U.S. 501(c)3 charitable nonprofit organizations (Bureau of Labor Statistics, 2014) have employee value propositions made up of elements that can be organized into five thematic attributes, as described in Table 1 below. Throughout this article and the research supporting it, I am using Minchington's (2011) definition of an employee value proposition (EVP), which is a "set of associations and offerings provided by [an employer] organisation [sic] in return for the skills, capabilities and experiences an employee brings to [that] organization."

Table 1. Employee Value Proposition.

EVP Attribute	Description and Examples
Pay / Compensation	Base salary, incentives and commissions, premiums and bonuses, the process by which you get paid, and transparency of pay ranges within your organization
Benefits	Health insurance, retirement benefits, recognition for good work, paid time off, family-friendliness, tuition reimbursement and subsidies for parking, transportation, and health
Affiliation	External image and reputation, your work environment (pace of work, office location, friendliness), corporate citizenship/corporate social responsibility, trust, mission, values, culture, workforce, diversity and inclusion, innovation, identity
Work Content	Variety, challenge, autonomy, flexibility of work, meaningfulness, feedback, structure, impact, teamwork, leadership, management-workforce relations, goals, objectives
Career Support	Advancement opportunities, personal growth, learning and development, training, job security, title, mentorship, opportunity to work with thought leaders

Adapted from Becchetti, Castriota, & Tortia, 2013; Botha, Bussin, & De Swardt, 2011; Browne, 2012; Heger, 2007; Leete, 2006; Maxwell & Knox, 2009; Minchington, 2006; Minchington, 2011; Sibson Consulting, 2016.

Study Design and Additional Central Measures

To gather data about what factors and activities drive nonprofit workers' satisfaction and engagement, this study gathered data via an online survey of adults working full-time for 501(c)3 charitable organizations in the United States. This research excluded those employees who are new to their organizations (fewer than six months' tenure) and/or new to the nonprofit sector (fewer than twelve months' tenure). This survey was distributed via a snowball sampling technique and promoted via e-mail and social media. The final sample is comprised of 338 individual respondents.

Data gathered included employees' attitudes about what is important within their employee value propositions, levels of satisfaction with each of the five core EVP elements, the presence of social measurement in their organizations, their intent to stay

in their organizations and the nonprofit sector, and information that describes the employees, their careers/roles, and their employer organizations.

Social performance measurement, as it is used throughout this paper, is any practice of determining how well a nonprofit organization performs against its own mission-related goals. This umbrella term includes practices described as outcomes measurement, impact measurement, impact evaluation, measurement and evaluation, and monitoring and evaluation, among other terms.

While social performance measurement practices and resources have increased over the past 20+ years, nonprofit organizational performance measurement, expressed in social terms, is still considered quite challenging in determining what and how to measure as these protocols are neither simple nor standardized (Arvidson & Lyon, 2014; Frumkin & Keating, 2010; Leete, 2006; LeRoux & Wright, 2010; Nicholls, 2009). Ebrahim and Rangan (2014) describe the various levels of measurement nonprofits (and any other organization aiming to measure social performance) can do, including inputs, activities, outputs, outcomes, and impacts, with each typically more complex to measure than the one before it. The table below provides descriptions of each level of social performance measurement used in the research.

Table 2. Social Performance Measurement.

Level of social performance measurement	Inputs: funds, equipment and supplies, knowledge and technical expertise
	Activities: actions taken, e.g., delivery of services, access provided, infrastructure built
	Outputs: immediate results, e.g., number of people trained, fed or housed
	Outcomes: medium- and long-term results for individuals, e.g., improved quality of life, health, educational attainment, etc.
	Impacts: effects on root causes, measured in terms of communities, populations, or ecosystems, e.g., sustained drop in poverty (or obesity, illiteracy, etc.)

Adapted from Ebrahim and Rangan (2014).

In order to measure study participants' intent to leave their current organizations and/or the nonprofit sector, I used the measures described in Table 3 below.

Table 3. Intent to Leave, Intent to Switch Sector.

Intent to leave organization (Cho & Perry, 2012)	Employee's self-reported likelihood of separating with current employer	Are you considering leaving your organization within the next year, and if so, why?	A. No B. Yes, to retire C. Yes, to take a job with a different nonprofit D. Yes, to take another job outside the nonprofit sector
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			E. Yes, other
Intentions to switch sector (McGinnis Johnson & Ng, 2015)	Employee's self-reported likelihood of seeking employment outside non-profit/social sector (e.g., with private or government sector employer)	How do you currently feel about building a career in the nonprofit sector?	A. I am 100% committed to build a career in the nonprofit sector B. I will only leave the nonprofit sector for the right professional opportunity C. I will be looking for the best job regardless of the sector D. I do not plan to build a career in the sector

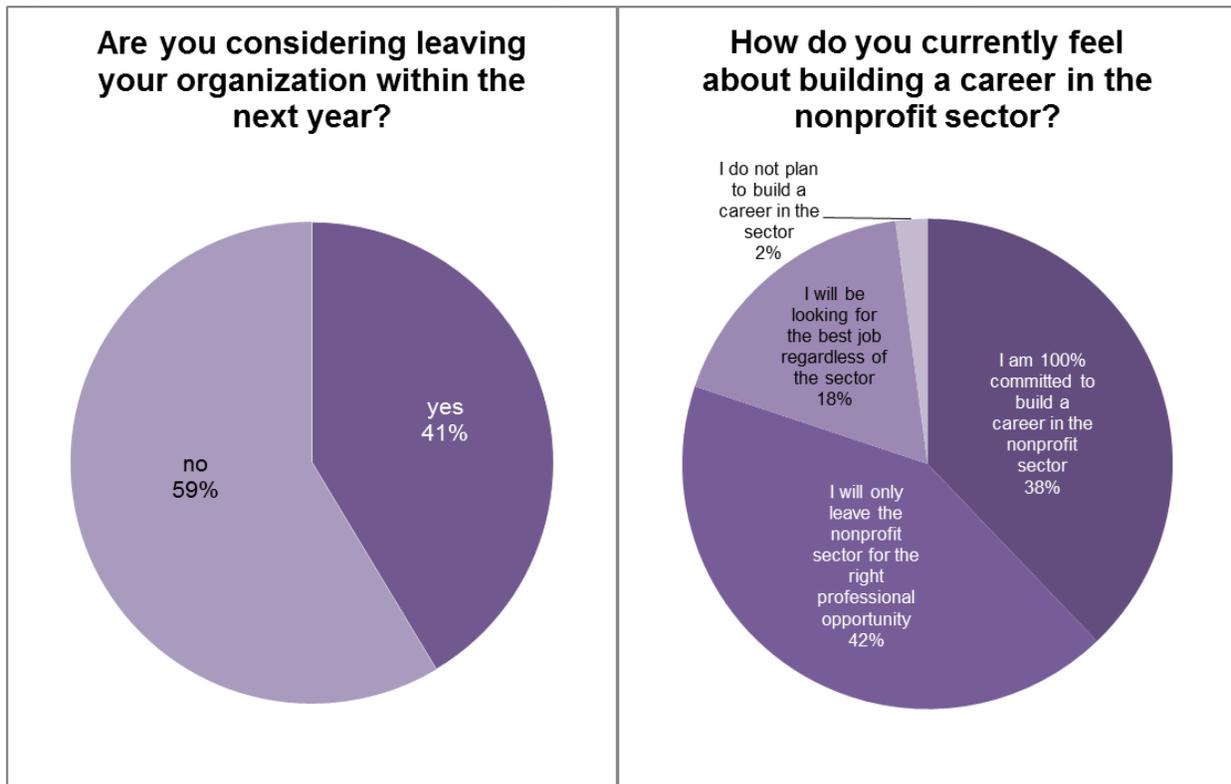
Additional variables used in the study were (a) based on the central measures in Tables 1-3 above and/or (b) developed to gather demographic information about the respondents and organizational information about their employers.

Analysis & Results

Demographic Characteristics

In analyzing the data collected, the descriptive statistics provide a rich picture of the sample, including demographic attributes and organizational characteristics. The sample was distributed fairly evenly across generational bands, with 28.4% Millennials, 36.9% Generation X, and 34.3% Baby Boomers. The sample was predominantly White (83.7%), female (78.7%) and highly educated (92.9% Bachelor's degree or higher, 49.4% Master's degree or higher). Thirty-nine (39.1%) percent of respondents are the sole earners in their households, and two-thirds of respondents identified their supervisory status as "supervisor" (7.7%), "manager" (23.1%), or "executive" (35.9%). Fifty-three (53.3%) percent of respondents have been employed by their current organization for four or more years, and 62.1% of respondents have worked in the nonprofit sector for 11 or more years. Forty-one (41.4%) percent of respondents are considering leaving their organizations within the next year (Figure 1), and 20.7% of those respondents indicate they are considering leaving to take a job outside the nonprofit sector. Similarly, of all respondents, 19.9% indicated that they will be looking for the best job regardless of the sector (17.8%) or do not plan to build a career in the sector (2.1%) (Figure 2). Full demographic descriptive statistics provided in Appendix A.

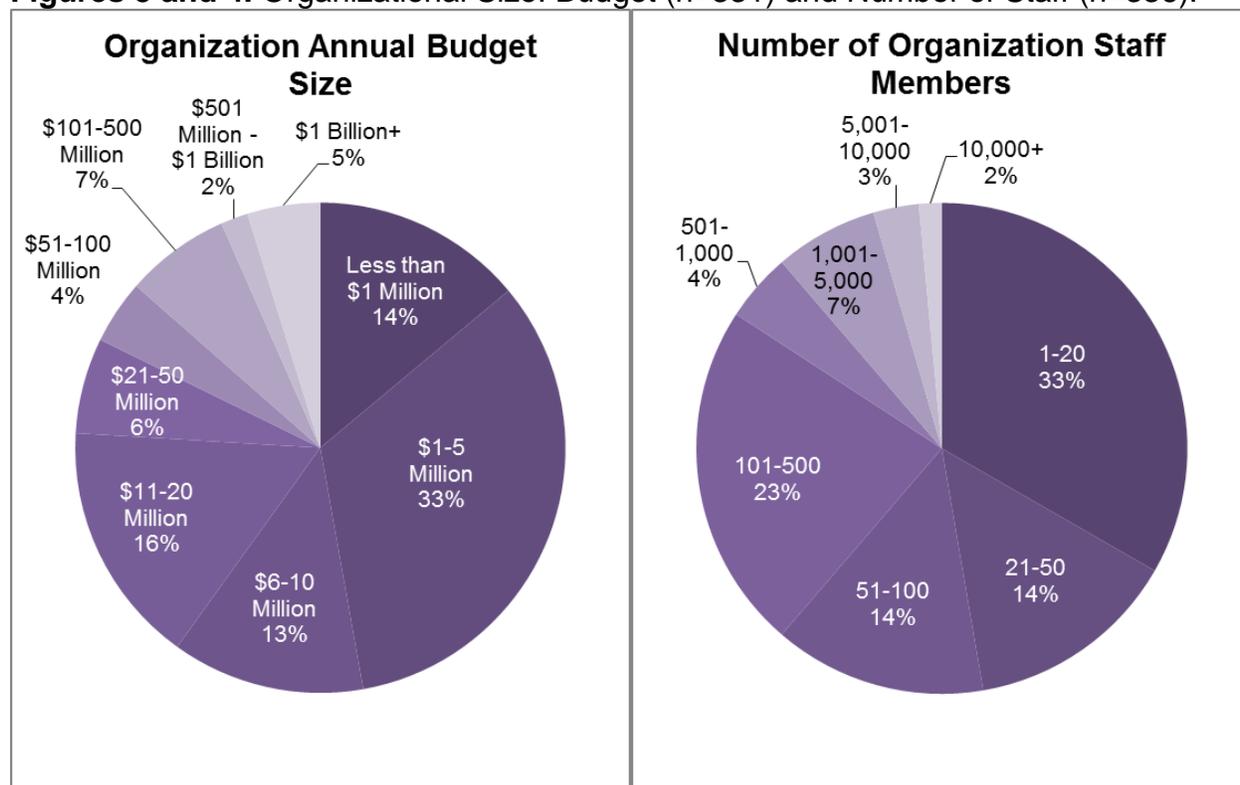
Figures 1 and 2. Intentions to Stay: Organization and Sector (n=338).



Employer Organization Characteristics

The employer organizations represented by respondents are most commonly human services (31.4%), education (20.7%), health (10.9%), and arts/culture/humanities (10.4%). Two-thirds of the employer organizations are local (39%) or regional (28.2%) in reach. In turn, nearly sixty percent (59.8%) of employer organizations have total annual budgets of \$10 million or less (Figure 3) and 61% have 100 paid staff members or fewer (Figure 4). Full employer organization descriptive statistics provided in Appendix B.

Figures 3 and 4. Organizational Size: Budget (n=331) and Number of Staff (n=336).



Employee Value Proposition

One fundamental purpose of this study was to determine the extent to which each EVP attribute drives nonprofit workers' career decisions. As detailed in the data displays below, affiliation and work content are the two top-ranked and top-rated aspects of respondents' EVPs related to decision to accept their current positions (Table 4), their satisfaction in their current position (Figure 5), and their rating of their employer organizations versus comparable organizations (Figure 6). The one exception to this trend is the impact of pay/compensation on respondents' decisions whether to stay in their current positions. On that item, work content is still the most-often chosen priority, with pay/compensation second (Table 5).

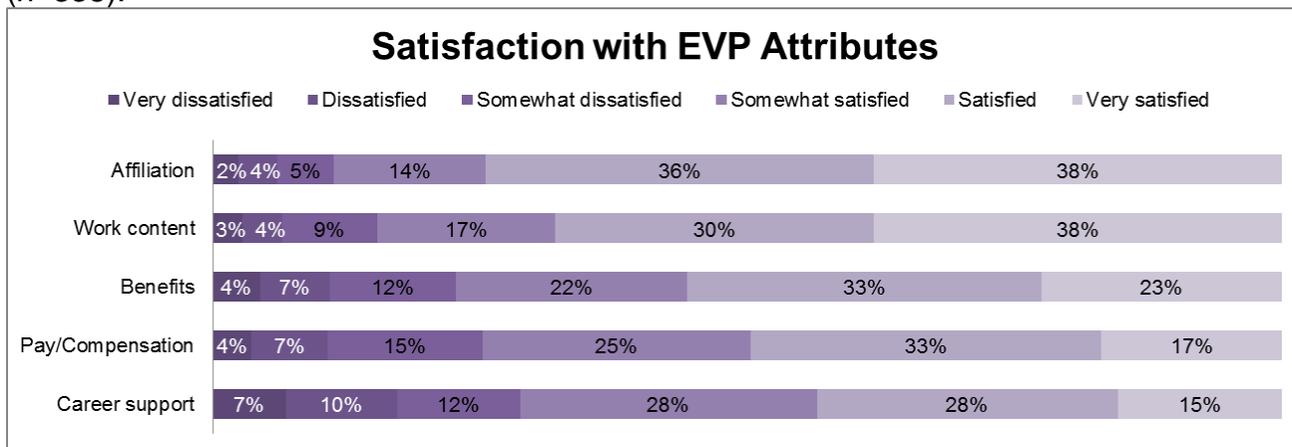
First, we consider responses to the survey's request for respondents to "choose the two factors that are most impactful on your decision whether to stay in your current position" (Table 4 below). Work content was the clear winner, with nearly half (46%) of respondents ranking it as their top priority in accepting their current positions and three-quarters (75.4%) ranking it as one of their two top priorities. Pay/compensation also received a strong showing, as 41.4 percent of respondents ranked it one of their two top priorities in their decision to accept their current positions. Benefits and career support were each relatively low, with fewer than five percent ranking each of them as their top priority and fewer than 20 percent ranking them as one their top two priorities.

Table 4. Respondents’ Rankings of EVP Attributes by Importance in Decision to Accept Current Position (n=338).

EVP Attribute	Mean ranking by respondents (ranked 1 through 5)	Percentage of respondents ranking attribute #1	Percentage of respondents ranking attribute #1 or #2
Work content	1.95	46.40%	75.40%
Affiliation	2.68	26.60%	52.30%
Pay/Compensation	2.84	18.00%	41.40%
Benefits	3.55	4.70%	18.90%
Career support	3.97	4.10%	11.80%

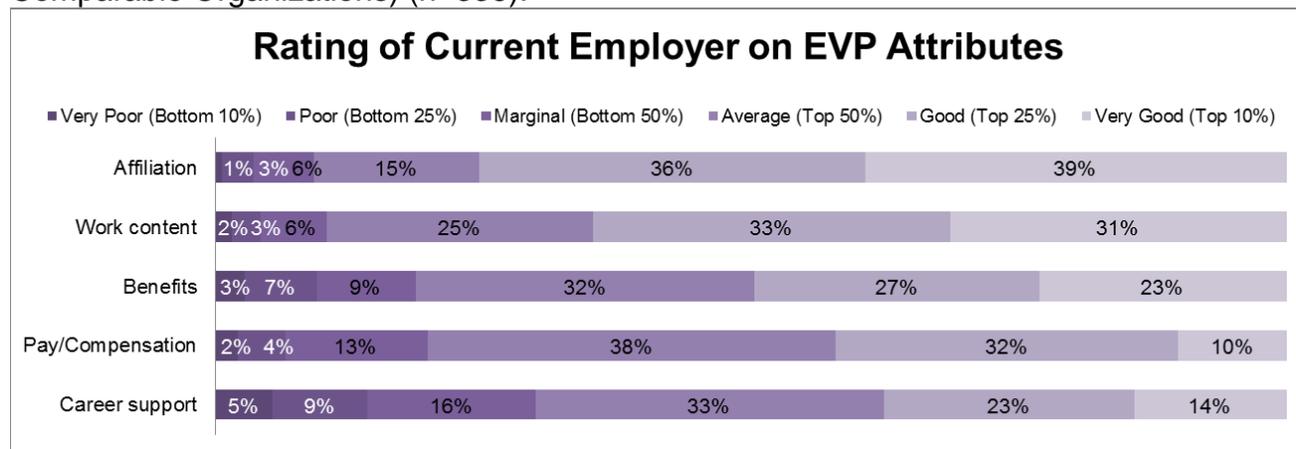
In looking at respondents’ satisfaction with each attribute of their employee value proposition (Figure 5), respondents were most satisfied with affiliation and work content. Three quarters (74.6%) of respondents were satisfied or very satisfied with their affiliation with their employer organizations, and more than two-thirds (68.1%) were satisfied or very satisfied with their work content. On the lower end, pay/compensation and career support show lower respondent satisfaction, though overall ratings for each attribute skew positive, with a minimum of 71.3 percent rating their satisfaction as somewhat satisfied or better.

Figure 5. Respondents’ Ratings of Satisfaction with EVP Attributes in Current Position (n=338).



The trend is very similar for respondents’ ratings of their current employers in comparison to comparable organizations (Figure 6), with a minimum of 70.1 percent rating their organization as average or better against each attribute.

Figure 6. Respondents’ Ratings of Current Employer Organizations (versus Comparable Organizations) (n=338).



Finally, the study asked respondents to choose the two factors that are most impactful on their decisions whether to stay in their current positions (Table 5). Work content was again top, with nearly 70 percent (69.5%) of respondents choosing the attribute as one of the two most impactful. In this case, however, pay/compensation was the second most common choice, with more than half (51.2%) of respondents indicating it is one of their most impactful retention factors.

Table 5. Respondents’ Rankings of EVP Attributes by Importance in Decision to Stay in Current Position (n=338).

EVP Attribute	Percentage of respondents indicating attribute as one of the two most impactful factors on whether to stay in current position
Work content	69.50%
Pay/Compensation	51.20%
Affiliation	36.70%
Benefits	21.30%
Career support	21.30%

The EVP-related findings above were largely reinforced by the qualitative data gathered through open-ended responses in the survey. In order to dig deeper into drivers of retention, the survey asked follow-up questions to the 41.4% of respondents who indicated they are considering leaving their current organization in the next year. One of those questions was, “what could your employer do, if anything, to increase your likelihood to stay with the organization?” 112 of the respondents answered the question, and the data was coded by which EVP attribute(s) the response illustrated. As in the above data on the relative impact of the five EVP attributes on respondents’ decisions whether to stay in their current positions, work content-related changes were the most common (mentioned by 47.3% of respondents), followed by pay/compensation-related changes (mentioned by 33% of respondents). In this case, career support-related changes came in third (mentioned by 27.7% of respondents), whereas in the earlier

quantitative ranking question affiliation was more commonly chosen as a top priority factor in retention.

Table 6. Employee-Desired Retention Strategies (n=140).

n	%	EVP Attribute
53	47.3	Work content
37	33.0	Pay / compensation
31	27.7	Career support
13	11.6	Affiliation
12	10.7	Benefits
10	8.9	Nothing
8	7.1	Other
28	20.0	Did not answer

Notes:

Percentages do not add up to 100 because some respondents provided answers that touched on more than one EVP attribute.

The code “nothing” indicates those answers where respondents who explicitly stated that there was nothing their employers could do to increase their likelihood to stay with the organization. Responses coded as “other” were articulations of person-, job-, role-, team-, and/or industry-specific factors that did not fall into one of the five EVP areas. Those respondents who were not asked this question are not included in this analysis.

In an attempt to stretch beyond the walls and dynamics of respondents’ current nonprofit employers to their perspectives on employment in the nonprofit sector in general, the survey asked all respondents, “what advantages do you see in working in the nonprofit sector, if applicable?” As 80.2% of respondents indicated they are disposed to building a career in the nonprofit sector (Figure 2 above), this qualitative data allows us to learn more about why respondents see the sector as right for them. Similar to the data on respondents’ ranking EVP attributes in their decisions to accept their current positions, the most often-referenced advantages fall under work content (38.2% of respondents) and affiliation (18.3% of respondents). In this case, however, pay/compensation was only mentioned as a sector advantage by three respondents (.9%).

Table 7. Employee-Identified Advantages of Working in Nonprofit Sector (n=338).

n	%	EVP Attribute
129	38.2	Work content
62	18.3	Affiliation
13	3.8	Benefits
12	3.6	Career support
5	1.5	Other
3	.9	Pay / compensation
163	48.2	Did not answer

Notes:

Percentages do not add up to 100 because some respondents provided answers that touched on more than one EVP attribute.

Responses coded as “other” were articulations of person-, job-, role-, team-, and/or industry-specific factors that did not fall into one of the five EVP areas. The number and percentage of potential respondents (total n for item) who were asked, but chose not to answer, this question are included in the “did not answer” count.

Social Performance Measurement

The survey asked respondents to indicate all applicable levels of social performance measurement taking place in their employer organizations by asking them how their organizations measure their mission-related performance. A majority of respondents indicated that their organizations are measuring performance at each level provided (Table 8). This is an unexpected finding because it is still considered uncommon for nonprofits nationwide to successfully measure outcomes and especially impacts (Ebrahim & Rangan, 2014). While outcome and impact measurement is increasing rapidly in the nonprofit sector, impact-level measurement is not expected to be present in most local or regional direct-service (or operating) organizations, which are the majority of organizations represented by the sample. Rather, large organizations and funding organizations (e.g., foundations) are often uniquely positioned to measure true impacts in a given sector or community because of their ability to aggregate data and results from many programs, beneficiaries and/or organizations to measure impacts (Ebrahim & Rangan, 2014). Thus, these findings point to an area for further exploration in future research to ensure that (a) respondents have consistent understanding of the terms used and (b) respondents accurately reflect the general population of nonprofit professionals and organizations.

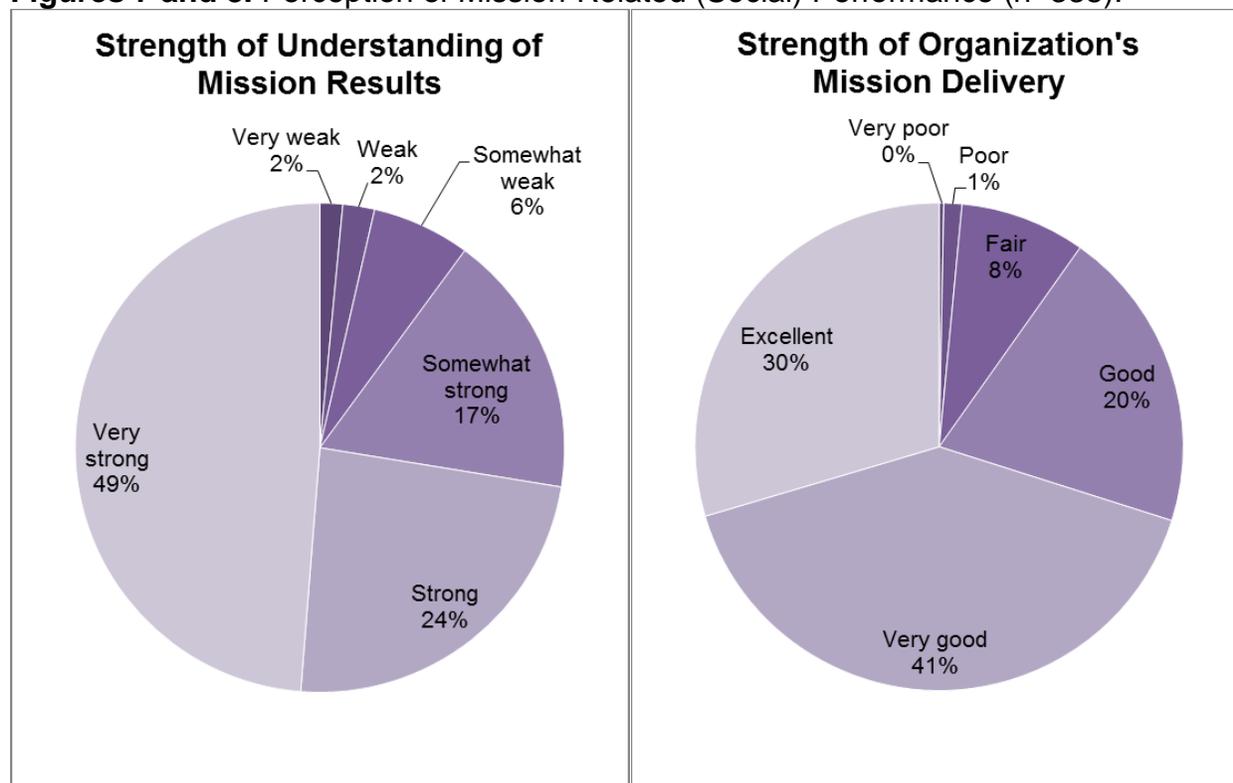
Table 8. Social Performance Measurement Activities (n=338).

Sample Characteristics	n	%
Levels of mission-related measurement used in employer organization (yes response)	338	100%
Inputs	175	51.8%
Activities	266	78.7%
Outputs	268	79.3%
Outcomes	236	69.8%
Impacts	177	52.4%
None of the above	5	1.5%
I don't know	13	3.8%

While respondents' reports of their organizations' levels of measurement were unexpected, their perceptions of their organizations' social performance are in fact more relevant to answering the question. The study found that 72.5% of respondents feel that their understanding of the mission-related results their organizations create is strong (24%) or very strong (49%). Not only do they believe they have a strong grasp of their organizations' results, they also tend to rate those results high. When asked how well

they believe their organization delivers on its mission, 70% of respondents answered very good (40.5%) or excellent (29.6%). An additional 20.1% answered good, meaning only 9.8% rated their organizations negatively in terms of mission delivery.

Figures 7 and 8. Perception of Mission-Related (Social) Performance (n=338).



The analysis included looking at the level of correlation between the two above variables. The two variables have a clear correlation, with a Spearman's Correlation coefficient of .520 ($p < .01$) (see Appendix A).

Thus, in this data set, those respondents who feel they understand how well their organization performs are more likely to believe their organization performs well.

Interpretation and Recommendations

The findings in the section above point first to several conclusions about nonprofit employee value propositions and the EVP attributes that are playing the most significant roles in nonprofit employees' decisions to join or stay in their roles.

Employee Recruitment Drivers in the Nonprofit Sector

The data collected show signs that **work content** and **affiliation** are the top drivers for employees' decisions to accept positions within the nonprofit sector. This was true across three measures, including:

- Respondents' most often-identified advantages of working in the nonprofit sector,

- Respondents' most important factors in making the decision to accept their current positions, and
- Respondents' rating of their employer organizations versus comparable organizations.

The **work content** attribute of nonprofit employee value propositions represents many of the *what* and *why* aspects of employment at a nonprofit: the work an employee does, her agency in doing that work, the meaning she derives from the work, the organizational structure, and how the organization defines and measures performance.

The **affiliation** attribute of nonprofit employee value propositions encompasses the *who* aspects of employment at a nonprofit: the external image and reputation of the organization, the internal culture and organizational identity, and the environmental and values drivers of behavior and norms that define the organization from the inside out.

Respondents' indication that they are choosing nonprofit positions based on work content and affiliation point to several promising practices for nonprofit organizations to incorporate and fortify their employee recruitment efforts.

Table 9. Promising Practices in Nonprofit Employee Recruitment.

Work content	Affiliation
<ul style="list-style-type: none"> • Specificity in describing each element of the role (e.g., in job descriptions and job postings) • Clarity in communicating current and intended impact of organization, and how the role contributes to the impact of the organization • Sincerity in discussing levels of employee autonomy and flexibility in carrying out their work • Rigor in designing performance management, feedback, and team structures • Training for hiring managers and interviewers in discussing each of the above with candidates 	<ul style="list-style-type: none"> • Authenticity in creating statements of organizational mission, values, identity and purpose • Proactive curation of external employer image by monitoring employer rating sites, conducting exit interviews, and getting—and using—regular employee feedback • Shaping recruitment processes that allow prospective employees to see the organizational culture in action • Sharing relevant standards and initiatives in areas such as diversity, inclusion, and innovation • Training for hiring managers and interviewers in discussing each of the above with candidates

These practices are important not only in putting the organization's *best* face forward in engaging potential applicants; it is perhaps even more important to put the organization's *truest* face forward to increase the likelihood of a long-term fit with a prospective employee who can make a better employment decision with better information.

Employee Retention Drivers in the Nonprofit Sector

Once an organization has found an employee it hopes to retain, the study data points once again to **work content** and **affiliation** as key drivers, and **pay/compensation** comes in here as another key retention factor. This was true across three measures, including:

- The employer changes respondents indicated might increase their likelihood to stay in their current organizations,
- Respondents' most important factors in making the decision to stay in their current positions, and
- Respondents' satisfaction with elements of their current positions.

In each of the first two items, work content was the #1 factor for respondents and pay was the #2 factor for respondents. For the third item, affiliation was the #1 factor, followed by work content at #2. **Career support** also comes into play in terms of the first item, as respondents #3 factor.

As indicated above and within the survey, the **pay/compensation** attribute of nonprofit employee value propositions represents many of the financial aspects of employment at a nonprofit including salary and any incentive or bonus pay, the processes and standards by which employers pay employees, and how employers decide and communicate pay ranges and levels.

Respondents' indication that they are measuring their own satisfaction and deciding whether or not to stay in their nonprofit roles based on work content, pay, and affiliation point to several promising practices for nonprofit organizations to incorporate and fortify their employee retention efforts.

Table 10. Promising Practices in Nonprofit Employee Retention

Work content	Pay	Affiliation
<ul style="list-style-type: none"> • Ensuring that job descriptions stay fresh, current, and active to maintain shared expectations • Clarity in communicating current and intended impact of organization, and how employees' work contributes to the impact of the organization • Working with employees and 	<ul style="list-style-type: none"> • Clearly communicating compensation structures and processes • Transparently conveying the basis for, and realities of, pay levels and ranges across the organization (by role, level, employee qualifications, etc., as applicable) • Proactively aligning and communicating 	<ul style="list-style-type: none"> • Faithfulness to statements of organizational mission, values, identity and purpose • Seeking and using regular employee feedback—gathered through manager discussions, employee surveys, etc.—to inform employee retention strategies • Running intentional employee engagement

managers to advance appropriate levels of employee autonomy and flexibility in carrying out their work	opportunities for pay increases with expectations and dependencies affecting employees' advancement	programming and initiatives, rooted in the organization's mission, values and purpose
<ul style="list-style-type: none"> • Rigor in designing and executing performance management, feedback, and team structures • Training for and oversight of managers and supervisors in implementing and discussing each of the above with team members 	<ul style="list-style-type: none"> • Exploring alternative currencies beyond financial remuneration to compensate employees • Training for and oversight of managers and supervisors in implementing and discussing each of the above with team members 	<ul style="list-style-type: none"> • Upholding standards and values, especially in areas such as diversity, inclusion, and innovation • Training for and oversight of managers and supervisors in implementing and discussing each of the above with team members

Considering the conventional wisdom discussed earlier, and the possible challenges to it provided by this and other studies, it is worth taking a closer look at addressing pay as part of nonprofit employee retention strategies. Nonprofits have advantages and disadvantages when it comes to addressing pay in employee retention. An advantage is that nonprofits, by the nature of their IRS reporting obligations, must be relatively transparent about pay structures. While not all organizational salaries must be public, top organizational executives' compensation is included in annual organizational tax documents. Some nonprofits, like public sector organizations, make their full compensation structures public so employees can see how their pay compares to other roles. This transparency is an advantage in allowing employees to talk more openly with their managers about compensation within the organization, and this transparency may facilitate greater alignment between employee expectations and pay levels.

A disadvantage nonprofits have when it comes to addressing pay in employee retention is that they may not be in a financial or political position to allocate additional funds for employee compensation. While each promising practice listed above requires some resources, increasing pay has direct, fixed, and ongoing costs. Additionally, increasing nonprofit employee pay can in turn increase the operating costs of the organization, which many nonprofit organizations are hesitant to do if they feel political pressures—from donors, board members, the media, watchdog groups, or other stakeholders—to keep operating costs low.

Social Performance Measurement and Communication

As referenced above, communicating the impact of the organization and connecting an individual to his role in driving that impact are important practices for a nonprofit's recruitment and retention efforts. This gets at the final dimension of the question this study sought to explore: the extent to which social performance measurement and/or

communication drive employee value in nonprofit organizations. This question requires further research, likely gathering data via both quantitative and qualitative methods, to (1) reveal and compare the measurement activities of nonprofit organizations and (2) directly measure how those activities drive employee value within nonprofit organizations.

While more research is recommended to more fully answer the question, the study did point to social performance as a driver of employee value in the respondents' high-priority attributes of work content and affiliation. When looking at the correlations (see Appendix A) between respondents' belief in how well their organizations deliver on their missions, their responses were most highly correlated with affiliation and work content attributes, in terms of both respondents' satisfaction and respondents' rating of their employer organizations compared to comparable organizations. Similarly, when looking at how strongly respondents rated their own understanding of the mission-related results their organizations create, again, their responses were more highly correlated with the work content and affiliation attributes in terms of both respondents' satisfaction and their rating of their employer compared to comparable organizations. The highest correlation, however, between the respondents' understanding of mission-related results and respondents' satisfaction with various attributes of their employee value propositions was in the career support area. While not a particularly high correlation, it has high significance and may point to further exploration in terms of how employees can be supported and equipped to play as strong of a role as possible in driving their own performance as well as organizational mission-related performance.

Limitations

As mentioned earlier, the measures used for respondents to report how their organizations are measuring and, in a related question, communicating their organizations' social/mission-related performance produced surprising data. The high levels of performance measurement reported by respondents may reflect (a) a lack of alignment in terminology and/or (b) a sample of respondents who are outside the norm in terms of their unexpectedly high levels of measurement sophistication. Thus, data from these questions were not included in the detailed analysis.

Within the sample, respondents tended to hold managerial or supervisory positions, which may reflect some sampling bias related to how individuals were recruited to participate in the survey (i.e., my contacts and my consulting firm's contacts potentially skewing more experienced). Thus, this may limit the applicability of the survey results to the widest variety of levels of employees, especially in terms of those who are not currently holding supervisory roles.

While respondents were spread across much of the United States (see Appendix D), there is a higher concentration in the Chicago and Seattle areas, likely reflecting some sampling bias related to survey recruitment as I live and work in Chicago and my firm's two main offices are in Chicago and Seattle. Thus, this may limit the applicability of the survey results to those working in other environments where the factors shaping employment could be different.

Future Inquiry and Exploration

As suggested above, this study points toward potential drivers of recruitment and retention success for nonprofits by creating value for (and as defined by) their employees. It also points toward the potential for social performance measurement and communication to play a significant role in creating employee value. These indicators point to several questions worth further exploration, including but not limited to:

- What types of measurement practices make a significant difference for employee recruitment and retention?
- How should nonprofit employers communicate their social performance results in order to drive employee value?
- What are the most powerful ways to communicate organizational impact, actively and passively, to reach potential employee candidates?
- What are the best ways to implement these practices within interviews and throughout the hiring process?

With further research into these questions, we can uncover greater detail into the current state of social performance measurement and employee value propositions in nonprofits, which will then point us toward additional practical actions nonprofits can take to best leverage the talent engine on which their organizations rely.

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Appendix A: Demographics

Table 11. Demographic Characteristics of Sample.

Sample Characteristics	n	%
Demographics		
Age	338	100%
18-25 (Millennial Generation)	10	3%
26-30 (Millennial Generation)	39	11.5%
31-35 (Millennial Generation)	47	13.9%
36-40 (Generation X)	49	11.8%
41-45 (Generation X)	48	14.2%
46-50 (Generation X)	37	10.9%
51-55 (Baby Boomer Generation)	31	9.2%
56-60 (Baby Boomer Generation)	43	12.7%
61-65 (Baby Boomer Generation)	29	8.6%
66-70 (Baby Boomer Generation)	13	3.8%
71-75 (Silent Generation)	1	.3%
Race/Ethnicity (all applicable)	338	100%
African-American/Black	19	5.6%
American Indian, Alaskan Native	3	.9%
Chinese	4	1.2%
Filipino	4	1.2%

Hispanic or Latino	21	6.2%
Indian	1	.3%
Japanese	3	.9%
Korean	1	.3%
Middle Eastern	1	.3%
Other Indigenous or First Nations	0	0%
Southeast Asian	3	.9%
White, Caucasian – Non-Hispanic	283	83.7%
Unknown	0	0%
Prefer not to answer	11	3.3%
Gender	338	100%
Male	68	20.1%
Female	266	78.7%
Other	0	0%
Prefer not to answer	4	1.2%
Highest level of education completed	338	100%
High school or equivalent	4	1.2%
Vocational or technical school	1	.3%
Associate's degree or some college	19	5.6%
Bachelor's degree	147	43.5%
Master's degree	132	39.1%
Doctoral degree	15	4.4%
Professional degree (MD, JD, DDS, etc.)	20	5.9%
Sole income earner in household	336	99.4%
Yes	132	39.1%
No	198	58.6%
Role within organization	338	100%
Managerial	141	41.7%
Professional	75	22.2%
Technical/scientific	4	1.2%

Sales/fundraising	75	22.2%
Administrative/clerical	17	5.0%
Program delivery	18	5.3%
Other	8	2.4%
Supervisory status	338	100%
Nonsupervisor	91	26.9%
Team leader	21	6.2%
Supervisor	26	7.7%
Manager	78	23.1%
Executive	121	35.8%
Length of employment by current organization	338	100%
More than 6 months but less than a year	25	7.4%
One to three years	133	39.3%
Four to five years	59	17.5%
Six to ten years	56	16.6%
11 to 20 years	47	13.9%
More than 20 years	18	5.3%
Length of employment in the nonprofit sector	338	100%
One to five years	57	16.9%
Six to ten years	71	21%
11 to 20 years	112	33.1%
21 to 30 years	65	19.2%
31 to 40 years	25	7.4%
More than 40 years	8	2.4%
Intent to stay with current organization		
Considering leaving organization within next year	338	100%
Yes	140	41.4%
No	198	58.6%
Reasons for considering leaving organization	140	41.4%
To retire	10	3%

To take a job with a different nonprofit	79	23.4%
To take another job outside the nonprofit sector	29	8.6%
Other	22	6.5%
Intent to stay in nonprofit sector		
Current feelings about building career in nonprofit sector	338	100%
I am 100% committed to build a career in the nonprofit sector	128	37.9%
I will only leave the nonprofit sector for the right professional opportunity	143	42.3%
I will be looking for the best job regardless of the sector	60	17.8%
I do not plan to build a career in the sector	7	2.1%

Appendix B: Employer Organization Profile

Table 12. Employer Organization Characteristics of Sample.

Sample Characteristics	n	%
Employer organization attributes		
Employer sector	338	100%
Arts/culture/humanities	35	10.4%
Education	70	20.7%
Environment/animals	10	3%
Foundation	16	4.7%
Health	37	10.9%
Human services	106	31.4%
International affairs	5	1.5%
Public-society benefit	32	9.5%
Religion	3	.9%
None of the above	24	7.1%
Reach of organization's operations	333	98.5%
Local	130	38.5%
Regional	94	27.8%
National	45	13.3%
Global	64	18.9%
Total annual budget of organization	331	97.9%
Less than \$1 million	46	13.6%
\$1 million to \$5 million	110	32.5%
\$6 million to \$10 million	42	12.4%
\$11 million to \$20 million	53	15.7%
\$21 million to \$50 million	21	6.2%
\$51 million to \$100 million	14	4.1%

\$101 million to \$500 million	23	6.8%
\$501 million to \$1 billion	6	1.8%
More than \$1 billion	16	4.7%
Number of paid staff	336	99.4%
1 to 20	112	33.1%
21 to 50	47	13.9%
51 to 100	47	13.9%
101 to 500	77	22.8%
501 to 1,000	15	4.4%
1,001 to 5,000	23	6.8%
5,001 to 10,000	10	3.0%
More than 10,000	5	1.5%

Appendix C: Correlations Matrix

Table 13. Correlations Matrix. (Spearman Correlation used throughout)

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Strength of mission delivery	1													
2. Understanding of mission-related results	.520 ***	1												
3. Considering leaving organization within next year	.340 ***	.145 ***	1											
4. Current feelings about building career in nonprofit sector	-.250 ***	-.115 **	-.341 ***	1										
5. EVP Satisfaction: Pay	.210 ***	.162 ***	.317 ***	-.231 ***	1									
6. EVP Satisfaction: Benefits	.105 *	.049	.125 **	-.177 ***	--	1								
7. EVP Satisfaction: Affiliation	.453 ***	.209 ***	.360 ***	-.197 ***	--	--	1							
8. EVP Satisfaction: Work content	.392 ***	.270 ***	.454 ***	-.240 ***	--	--	--	1						
9. EVP Satisfaction: Career support	.364 ***	.293 ***	.394 ***	-.216 ***	--	--	--	--	1					
10. EVP Comparison: Pay	.164 ***	.094 *	.241 ***	-.113 **	.580 ***	--	--	--	--	1				
11. EVP Comparison: Benefits	.097 *	-.013	.096 *	-.077	--	.744 ***	--	--	--	--	1			
12. EVP Comparison: Affiliation	.523 ***	.307 ***	.295 ***	-.174 ***	--	--	.563 ***	--	--	--	--	1		
13. EVP Comparison: Work content	.419 ***	.313 ***	.383 ***	-.210 ***	--	--	--	.725 ***	--	--	--	--	1	
14. EVP Comparison: Career support	.324 ***	.260 ***	.294 ***	-.135 **	--	--	--	--	.755 ***	--	--	--	--	1

-- no correlation measured

*p < .1. **p < .05. ***p < .01.

Appendix D: Respondent Geography

The survey asked respondents to share their employers' zip codes. The map in Figure 3, created using mapsdata.co.uk, shows responses on a U.S. map. The number inside each red circle shows the number of respondents who indicated that area for their employers' zip codes.

Figure 9. Respondents' Employer Locations (by Zip Code) (n=309).

