

RESEARCH

HR challenges and triumphs in the not-for-profit sector

Organisations in the not-for-profit sector face unique employee attraction and retention issues compared to their corporate counterparts. This Insync Surveys research paper will help organisational leaders confront these challenges.

This paper draws on the significant research carried out on the topic over the last 10 years, the views of three Insync Surveys not-for-profit clients, plus four in-depth interviews with experienced not-for-profit HR professionals. They represent four different industries: community care, international aid, employment services and aged care. Despite the differences in industries, the main issues faced by not-for-profit organisations are similar.

Candidate attraction is the main challenge

All four professionals interviewed said candidate attraction is a major issue within their not-for-profit organisation, due to limited funds. They can't afford to advertise widely by using online job boards or newspaper advertisements. This results in smaller candidate pools to select employees. Secondly, limited funding also results in lower salaries, further restricting the number and type of candidates who apply for work in the not-for-profit sector. Thirdly, the interviewees emphasised the importance of recruiting candidates whose values align with the mission of their organisation, also known as mission attachment. As a result of these three factors, HR professionals must often choose from candidates who may not have the level of skill or experience sought for the vacancy. Supporting this, a 2007 National Disability Services (NDS) survey of 40 Queensland non-government disability services found respondents often or always had difficulty recruiting appropriately trained staff.

Not-for-profit organisations must often recruit based on behaviour and aptitude

rather than skills and experience.

The difficulty in attracting candidates with relevant experience was also reported by Ban, Drahnak and Towers (2002), who conducted focus groups with 30 employees from different not-for-profit organisations. The employees interviewed were directly responsible for hiring staff. Many reported difficulty finding candidates for roles requiring specific experience. Most of these not-for-profits used inexpensive methods to promote jobs, such as word-of-mouth or local newspaper advertising.

Retaining talent is also tough

All experts cited difficulties with retaining employees. Similar to the employee attraction challenge, retention problems were also associated with monetary limitations. Higher salaries in the public and private sectors can lure employees away. Furthermore, training and professional development opportunities are restricted by budgetary limitations in the not-for-profit sector. Hence, employees wishing to advance in their careers and develop professionally often look to organisations in the private and public sector for opportunities.

The experts also said that many not-for-profit organisations are understaffed due to difficulties attracting and retaining employees. Their employees must often work longer hours and are under additional pressure. They believe this can result in burnout and lower employee morale which magnify problems associated with retention.

The literature again supports our findings. A survey of 869 HR professionals working in not-for-profit organisations found that 51% of respondents rated retention as a top issue facing their organisation (Langer, 2000). Dissatisfaction with salary may lead employees to look for other jobs.



Factors associated with professional development, skill acquisition and the job itself also play instrumental roles in retaining employees (Ban *et al.*, 2002).

Mission attachment isn't always enough

Many not-for-profit organisations want employees who are personally aligned with their mission. Brown & Yoshioka's research among 300 employees in a not-for-profit organisation shows that employees who express positive attitudes towards the organisation's mission also experience higher job satisfaction and express greater intentions to stay. This research also shows that dissatisfaction with pay and career advancement can override the role of mission attachment.

Brown and Yoshioka found that, in the long term, part time employees moved on to careers outside the not-for-profit sector. These researchers suggest that dissatisfaction with pay was the most important factor explaining intention to leave among full time employees. Furthermore, they say that salary expectations may influence younger, part time employees to consider other career paths rather than progress into full time roles within their not-for-profit.

Brown and Yoshioka also say that

these workers believed they were underpaid or that their salary did not equal the amount of work expected. This suggests workload also plays an important role in the long term retention of employees.

A larger study of over 35,000 employees from not-for-profit, public and private sectors showed that while a competitive base salary is one of the most important factors when attracting employees, other elements of the job have a greater impact on employees' intentions to stay (Towers Perrin, 2003). Regardless of whether an employee is from a not-for-profit or not, this study showed competitive benefits, such as retirement benefits and work/life balance – as well as a competitive base salary – were the most important factors when attracting employees. However, career advancement opportunities, retention of high-calibre people, the overall work environment and development of employees' skills were the most important factors determining staff retention in all three sectors. Consequently, there are a number of employment issues that not-for-profit organisations need to target to attract and retain employees.

TIP 1

Playing on mission attachment

Organisations in the not-for-profit sector must rely on creative solutions that don't depend heavily on funding to attract and retain employees. Numerous studies have shown the importance of mission attachment in attracting and retaining employees (Kim & Lee, n.d.). Researchers have found that a preference for helping others and working in a job that's socially meaningful make a difference to keeping employees in the not-for-profit sector (Hansen, Huggins & Ban, 2003). Having a clear mission statement and searching for candidates whose values align with the organisation's purpose are vital for employee attraction and retention. Employers should aim to target these candidates when advertising new vacancies.

However, if a not-for-profit changes their mission, the process to implement this change must be carefully managed to ensure staff values are still closely linked to the purpose of the organisation. Organisations run the risk of losing talented staff if this is not managed properly.



Lee Broomhall, Executive Manager People, Performance & Strategy at Workpower, shares her experience

Workpower creates and runs businesses that employ people with disabilities or a mental illness.

“On a personal level I'm attracted to the not-for-profit sector because of the opportunity and satisfaction that comes from making a difference to the lives of people with disability and mental illness. Professionally, I really enjoy contributing to the strategic direction of our organisation.

“In terms of attraction and retention tips for fellow business leaders, I recommend building a strong values-based culture so that good people join you and remain with you. For example, our employees are looking for more than just remuneration. If staff come to you seeking employment on their own accord, you're halfway there because they're looking for social outcomes from their work and they want to be valued and respected for that contribution.

“In recruitment we use the fringe benefits tax exemption allowed for public benevolent institutions to provide salary packaging to our employees, which helps us offer salaries competitive with private enterprise.

“Other things we can do, depending on the candidate, are to offer significant training and development and also career advancement opportunities. We have a framework to help our people look at current jobs and identify what they need to do to get promoted. We also measure and reward signs of success. While this means some people advance professionally and move on beyond our organisation, it's still good for us as we know we've contributed to their lives.

With regard to HR issues faced by the not-for-profit sector, Lee says: “We have a workforce of over 450 people with or without a disability. When we're recruiting we don't just look for people at a particular level, we recruit from all walks of life so our people bring their own skills which they can use to teach and support fellow employees with a disability. Half our annual revenue must be sustainable so our subsidiary businesses must offer commercial quality products and services. Integrating and supporting employees to the standard expected by our paying customers is very important. So when we advertise we appeal to those people who have broad skills and capability and we offer back to them a great values based culture, flexibility and significant investment in their professional and career development.”

TIP 2

Community-involved candidates

Hansen *et al.* (2003) found that 41% of workers in the not-for-profit sector belonged to a club or community organisation. Although the researchers couldn't determine whether club membership led to work in the not-for-profit sector or vice versa, the research suggests that such clubs may be worthwhile places to source candidates. In particular, not-for-profit workers had significantly higher affiliations with social service clubs and political and religious organisations than those working in the private sector. By partnering with such clubs and advertising vacancies to members through their website, newsletter or email database, not-for-profit organisations may be able to increase their candidate pool and source people who share in their mission. Furthermore, Hansen *et al.* (2003) also found that the majority of employees surveyed stayed within the sector they had previously worked in. Hence, not-for-profits may increase their candidate pool by advertising on websites or using other media that are of interest to those already working in the not-for-profit sector.

TIP 3

Not-for-profits can appeal more strongly to women

In addition to community club membership and previous employment in the not-for-profit sector, research has shown that the majority of employees in this sector are women (Ban *et al.*, 2003; Hansen *et al.*, 2003). Consequently, those responsible for recruitment in not-for-profit organisations may consider advertising in media that are of particular interest to women. Having competitive benefits can help organisations attract employees. In targeting women, benefits may include child care, flexible work arrangements and job sharing.

TIP 4

Volunteers can lighten the load

Negative issues relating to pay and workload may be overcome by increasing the volunteer workforce. Volunteers can help to reduce the workload of current employees and free

Helen Petrusa, Manager HR Support & Partnership at Mission Australia, gives her perspective



Mission Australia is a national organisation that offers programs to combat homelessness and help unemployed people find work.

Helen says: "While I'm motivated by the kind of community work we do, there are three challenges in the not-for-profit sector that have kept the role interesting. We're dealing with difficult situations and clients; this sort of work just isn't in the corporate world. We also have to be smart in what we do, we don't have bunches of cash to throw around. Lastly, demands are ever-changing. Our funding comes from governments and fundraising, so we're always looking to improve the way we deliver services. The nature of our funding pushes us this way and for me it means I'm constantly developing.

"The number one tip I have for fellow HR professionals in the not-for-profit sector is to not assume that people are solely attracted to the industry because they want to do good. At the end of the day people are motivated by lots of reasons so make sure you explore attraction and retention features. People want development plans, opportunities and to be challenged. In HR we need to offer employees a robust value proposition and do some internal marketing to ensure they understand that we value them.

"Our limited funding means we can't always be financially competitive in attracting talent, yet a lot of our work requires people with qualifications who would normally be very well remunerated. For example, we may want to attract psychologists who can help clients with mental health issues.

"There's a shortage of suitably qualified people and we face competition from the public sector (i.e. hospitals). We can't compete with salaries but we can offer workplace flexibility and improved conditions.

"Another example of looking at things differently and constantly being innovative, is a program we considered to support graduate psychologist by covering costs of their supervision toward registration. We would do so in turn for their extended tenure in the organisation. While this program is not yet in practice we are also considering other ways to supervise and develop psychology graduates and exploring ways to make this more cost effective."

up funding to improve the conditions for paid workers. Research has shown that many not-for-profit organisations combine paid and volunteer labour to produce labour outputs at lower than market prices (Handy & Brudney, 2007). In return for their labour, volunteers receive non-monetary benefits, such as the opportunity to socialise, to express their belief in a particular set of values by supporting the organisation's mission, to gain personal and professional recognition and to get on the job training (Handy & Brudney, 2007; Starnes & Wymer, 2001).

Not-for-profit organisations can partner with schools and universities to

undertake service-learning programs (Tomkovick, Lester, Flunker & Wells, 2008). Such programs require students to volunteer some of their time in a not-for-profit setting to apply the skills and knowledge gained through their course. In return, not-for-profit organisations benefit from the students' skills.

Researchers have also found past volunteering to be the strongest predictor of future volunteering (Handy & Brudney, 2007). Hence, by setting up programs in partnership with educational institutions, not-for-profits can help to ensure that a sustainable volunteer workforce is available in the future.

It must be noted that an increase in

Carlo Calogero, WA State Manager at National Disability Services (NDS), shares his experiences

NDS is the national industry association for disability services, representing over 650 not-for-profit organisations.

In terms of why Carlo is attracted to working in the sector, he says: "Not-for-profit roles are very satisfying as we work with people from a social justice or human rights perspective. Also, our sector can offer greater flexibility in how we work. The third attraction is the increased capacity to be creative, innovative and responsive. Not-for-profits don't have complex and multiple layers of decision making that can exist in other sectors."

Carlo has some HR tips for fellow not-for-profit business leaders, saying: "In trying to attract candidates to the not-for-profit sector, as an industry we need to make sure that we present it as an area where our staff can feel passionate about their work. The roles in this sector offer great rewards and satisfaction especially in terms of working in social and human services areas.

"The other advice I have is to make sure that we profile the enormous opportunity for flexible work practices. For example, within our workplace we are very family-friendly and flexible about when and where staff might work. This could mean that a staff member could at times work from home or work hours that better suit dealing with family issues. Our workplace is not about being seen to be around at work during particular hours, it's more about outcomes.

"As a sector we can also be more flexible around remuneration which can help to attract and retain staff. A vast majority of charitable organisations are eligible to salary package. Salary packaging can be a valuable tool to help improve recruiting and retaining quality staff.

"We face some unique HR issues; one of them is that sometimes our salaries often don't compare well to other sectors. For example, the mining boom in WA has meant that people can be enticed to that sector by significantly larger salaries. This why it is critical that our sector profiles the enormous satisfaction that the community sector offers, the flexibility of work practices and ensure that we maximise the use of salary packaging."

volunteer staff requires clearly defined reporting structures. This will ensure volunteers are managed efficiently, enabling their contribution to be structured and have a positive impact on the organisation and its cause.

TIP 5 Get online

Many not-for-profit organisations can recruit new employees and volunteers online quite cheaply. Organisations with a website can advertise new positions for no extra cost. Research also shows that many organisations are now using the internet to find online volunteers (Dhebar & Stokes, 2008). An example of this is the United Nation's online volunteering program, onlinevolunteering.org. This use of technology offers flexibility for volunteers, who aren't necessarily based in the same city or country as the not-for-profit organisation but can still be involved by providing services or support remotely. This can also work for volunteers who work from home due to family commitments.

About Insync Surveys

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne and Sydney, we deliver customer, employee, board and other stakeholder surveys for some of the largest organisations in Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows us to benchmark your results. Insync Surveys' organisational psychologists help your organisation to improve performance and the working lives of your people.

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