



Engaging the Nonprofit Workforce:

MISSION, MANAGEMENT AND EMOTION

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Executive Summary

Employee engagement is a term that describes an individual employee's attitudes and disposition towards the employer, the employer's mission, and the content of an employee's work. When an employee is engaged, that employee is typically more satisfied, more productive, and less likely to leave the employer to seek other employment.

Organizations must take responsibility to engage their employees by ensuring the workplace is managed in a way that is conducive to engagement and meets the employee's needs whether they be internal, such as the need for meaningful work, or external such as the need for healthcare.

To help employers better understand engagement, we conducted a study on what factors help to engage nonprofit employees, focusing especially on factors employers have the ability to change.

Through a survey conducted in June 2011, we were able to collect 2,122 complete responses to questions regarding employees' motivations for work, workplace environment, and benefits received, among other factors. The study also highlights turnover intentions of the employees surveyed and the implications of employee engagement for organizations, the employee, and communities.

The findings altogether paint a picture of the important role employers can play in the engagement of their employees, and the reciprocal role that engagement plays in the success of the organization.

Key Findings. The findings of the study reaffirmed the notion that nonprofit employees *care*. Engagement and mission attachment are directly related. Employees want to work for an organization whose mission they believe in and where they feel the work they do directly contributes to advancing the organization's mission. Employers need to focus on strategies to create meaningful work for their employees.

Engagement and mission attachment are directly related.

The study also suggests the importance of an open and organized work environment, where employees are asked to take part in making important decisions related to the organization and their own work and where expectations and measures of success are clear and well defined. In addition, employees need to feel empowered to achieve this picture of success.

A positive relationship with one's direct supervisor is positively related to employee engagement. We emphasize the importance of management training, as managers are the most direct link between employees and the leadership of the organization, and have the most influence over the average employee's workplace experiences.

When asked what benefits were most important to nonprofit employees, the most common response was the opportunity for professional development. Employees want to work in a place where they can advance and develop skills. Employers who try to promote from within or who try to provide ongoing training for their employees are taking important steps towards furthering engagement in their organizations.

Nonprofit employees want to work in a place where they can advance and develop skills.

Employers question whether or not they are offering enough pay to retain their employees and keep them satisfied. Our findings suggest that getting paid more in terms of dollar amount does not necessarily make an employee more engaged. Instead, pay satisfaction has more to do with an employee's expectations for pay.

Strong evidence suggests employees who feel attached to their work on an emotional level are more likely to be engaged than those employees who do not. Yet, it is important to highlight the negative side of emotional work, surface acting, where employees feel the need to hide their true feelings. This can be common among employees who work in human services nonprofits and deal with clients who are in difficult situations. Previous research suggests surface acting can lead to burnout or disengagement, and, ultimately, higher rates of turnover.

A potential downside of emotional engagement is burnout: the consequence is higher turnover rates.

We found that only 55% of respondents plan to continue working for their current employer. Of those planning on leaving their current organization (45%), more than half plan on leaving within the next two years. Fortunately, we believe that this high rate of turnover is not as grim as it may seem when certain factors are taken into account. While some previous research has suggested that employees who have worked for an organization for a longer period of time are more likely to turnover, our analysis did not find a significant difference in the turnover intentions or engagement of employees who had been in their current jobs for longer periods of time.



Introduction

Working in the nonprofit sector provides one of the most challenging and rewarding career paths available. The nonprofit sector's rich variety of missions and goals touch almost every important issue in society and the growth of this sector means that more and more people choose to dedicate their careers to work in the nonprofit sector. According to the Federal Bureau of Labor Statistics (2006), the nonprofit sector is now the nation's

The goal of this project is to better understand the ways in which nonprofit employees are engaged and the impact of employee engagement and disengagement upon employees, nonprofit organizations and communities.

fourth largest employer behind only retail, manufacturing, and food services. The sector employs more than 10% of the nation's workforce (Sherlock & Gravell, 2009). The recent economic downturn has made many of these jobs even more challenging in the face of increasing demands and tighter resources.

The work found in the nonprofit sector can mean being employed by some of the largest and most prestigious organizations in the world or in very small organizations that are only beginning to establish themselves. The main unifying quality of work in the nonprofit sector is how often nonprofit jobs engage workers in causes and communities to a greater degree than work in for-profit and government organizations. Previous research has found that many nonprofit employees identify belief in the mission as one of the most important reasons that employees chose their current jobs (Word & Carpenter, forthcoming).

However, recent surveys have found that up to a third of nonprofit employees are disengaged and this disengagement is partially due to a worsening work environment brought on by the difficult economic environment (Watson, 2009). The goal of this project is to better understand the ways in which nonprofit employees are engaged and the impact of employee engagement and disengagement upon employees, nonprofit organizations and communities.

Employees form the core of all organizations. The ability of organizations to meet and exceed goals is mainly determined by the talents and efforts of workers. The difficult challenges faced by communities across the United States and the nonprofit organizations serving those communities make it more important than ever to fully engage an employees' talent, passion and intellect in the most effective ways. Engagement of nonprofit talent is important not only for the current work force but also for the recruitment of future leaders and employees into the sector. Employee engagement means not just better outcomes for communities but also better workplaces for individuals who feel their organization actually cares about their well-being and growth.

Employee engagement means not just better outcomes for communities, but also better workplaces for individuals who feel their organization cares about their well-being and growth.

Defining Employee Engagement. Many definitions of engagement exist both in the academic literature and in popular management culture. The multitude of definitions share some commonalities including a focus on not just the physical presence and observable behavior of an individual in the workplace but also a commitment of an employee to work that is both cognitive and emotional (Kahn, 1990).

“Employee engagement is the level of commitment and involvement an employee has toward their organization and its values” (Vazirani, 2007). “Engagement is the willingness and ability to contribute to company success, the extent to which employees put discretionary effort into their work, in the form of extra time, brainpower and energy” (Towers Perrin, 2007). “Engagement is the employee’s decision to apply his/her discretionary effort to the goals of the enterprise, to accept those goals as his/her own and to wholeheartedly commit to achieving them.” (Fineman & Carter 2007) (Schweyer, 2009, p.4)

It should be noted that “employee engagement” is not just another term for “employee satisfaction.” While satisfaction is definitely part of engagement, true employee engagement

True engagement goes beyond a concern of what aspects of the work affect employee success, expanding into what aspects of their work also affect the success of the organization.

goes beyond a concern of what aspects of the work affect the employee’s success, expanding into what aspects of their work also affect the success of the organization. One validation of this difference between satisfaction and engagement is that it is, in fact, possible to have an organization comprised of satisfied employees who are disengaged from the success of the organization.

The engagement of employees is thought to be affected by many different aspects of the relationship between individuals and their work, including both rational calculations and emotional investment (Tower Perrin 2003; Kahn 1990; Maslach et al, 2001). Our survey measures not only employee satisfaction as an indicator of engagement but also the extent to which employees are involved in their work professionally and emotionally.

Previous research has suggested job involvement is strongly related to emotional engagement and has an impact on organizational effectiveness, productivity, service quality and job performance (Argyris, 1964; Hackman & Oldman, 1980; Erikson, 2004). Job involvement can be characterized as *“the degree to which a person identifies with his or her job, actively participates in it, and considers his or her performance important to a sense of worth, self-esteem, or image”* (Robbins, 2003, p.72).

Job involvement is also closely related to the concept of “employee engagement” and for that reason we incorporated job involvement into our model of employee engagement.

Why does engagement matter? Employee engagement is a challenge faced by all organizations regardless of sector and has been a subject of research in both the public and for-profit sector for decades as organizations have tried to find ways to improve their outcomes by activating the skills, abilities and passions of employees. Current engagement literature suggests an engaged workforce could be mean the difference between a “solvent” organization and a thriving organization, as employee engagement has been shown to have a positive impact on key organizational outcomes including: higher worker productivity and creativity on the job, higher levels of job satisfaction, and lower turn-over rates (Polley, Vora & SubbaNarasimha, 2005).

Additionally, research concerning for-profit organizations has found that employee engagement has a positive impact on an employee’s emotional and intellectual commitment, employee effort and productivity, customer satisfaction, organizational success and financial performance (Baumruk 2004; Bates, 2004; Harter, Schmidt, & Hayes, 2002; Richman 2006; Hewitt Associates, 2005). But nonprofit organizations must realize that employee engagement is not just a for-profit sector concern. In a recent report, nonprofit leaders ranked human resource management as the “most depleting” aspect of their work (Cornelius, Moyers & Bell, 2011). This suggests that nonprofit leaders need additional resources and training to help them to better manage and engage their employees.

In addition, nonprofits report a 3.1 percent annual rate of employee turnover in comparison to 2.7 percent for business and 1 percent for government (Cappelli, 2005), suggesting that turnover is a significant challenge for the sector and may lead to increased personnel costs and other issues for organizations. A better understanding of employee engagement may help organizations identify better strategies to engage their employees, avoid burnout, and ultimately decrease turnover rates, in addition to lowering costs and creating more effective organizations. The effects of employee engagement may even go beyond benefiting specific organizations as recent research examining the role employee engagement and motivation plays in the public and nonprofit sectors has demonstrated that employees who are more involved in their work are also more likely to be involved in their communities (Word & Park, 2011). The sum of these findings suggest that enhancing nonprofit employee motivation may enhance the outcomes for nonprofit organizations as well as the communities they serve.

A better understanding of employee engagement may help organizations identify better strategies to engage their employees, avoid burnout, and ultimately decrease turnover rates, in addition to lowering costs and creating more effective organizations.

RECOMMENDATION

Be deliberate about engagement.

True employee engagement rarely “just happens.” It requires strategic actions, communicated vision, and constant maintenance to keep organizations vibrant and growing.



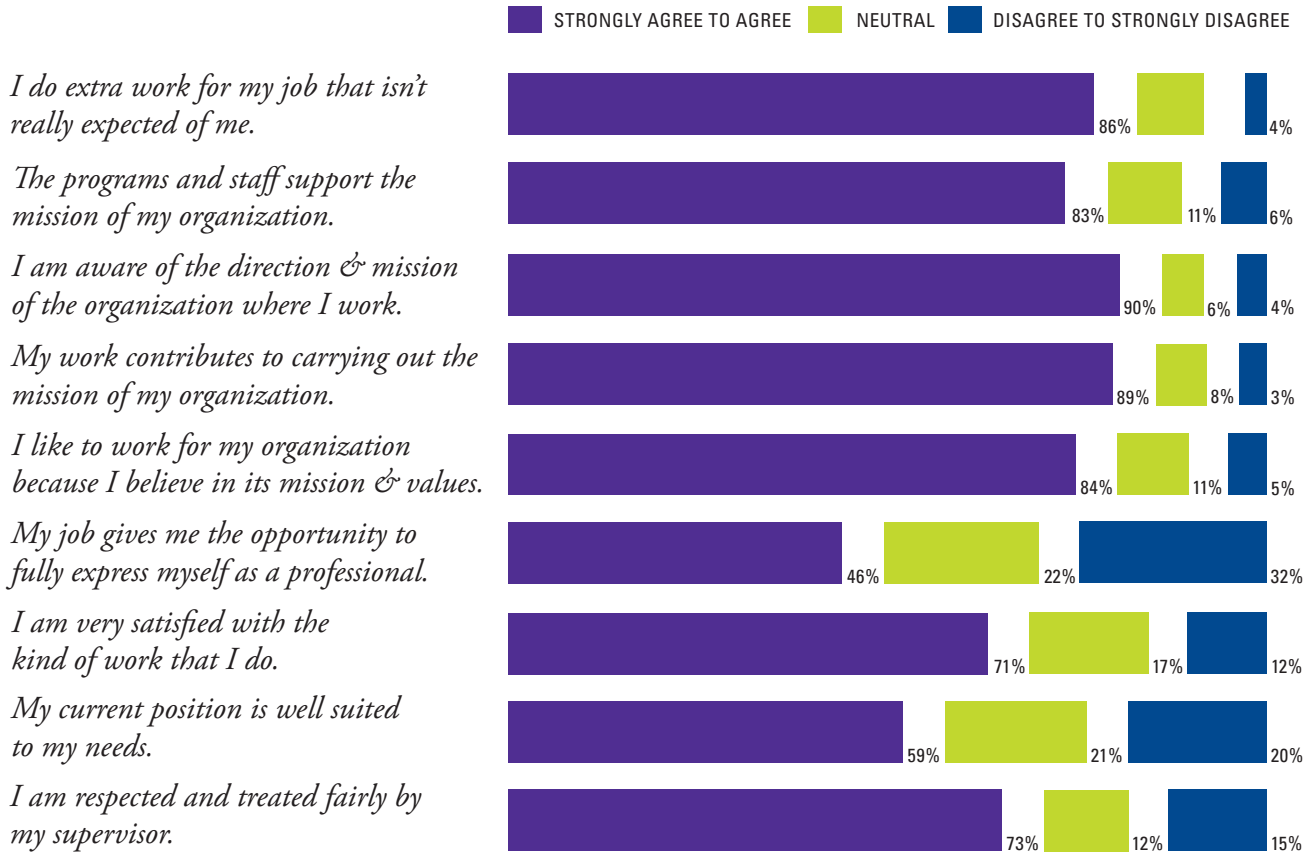
Who is engaged ?

In this section, we will describe the differences between individuals who were found to be more engaged in their organizations and those who were found to be less involved. We examined many different aspects of the work environment in an attempt to understand not only why individuals are engaged in their work, but also what organizations can do in order to make a difference in engagement by identifying what types of interventions might be most effective, based upon differences between workers and work environments.

Our analysis identified a core group of key indicators of engagement and its opposite, disengagement or burnout, as summarized on the following chart. While our findings demonstrate a high level of engagement among many nonprofit employees, they also raise a warning that suggests as many as 30% of nonprofit employees may be burned out, with another 20% (those in the middle) in danger of burnout.

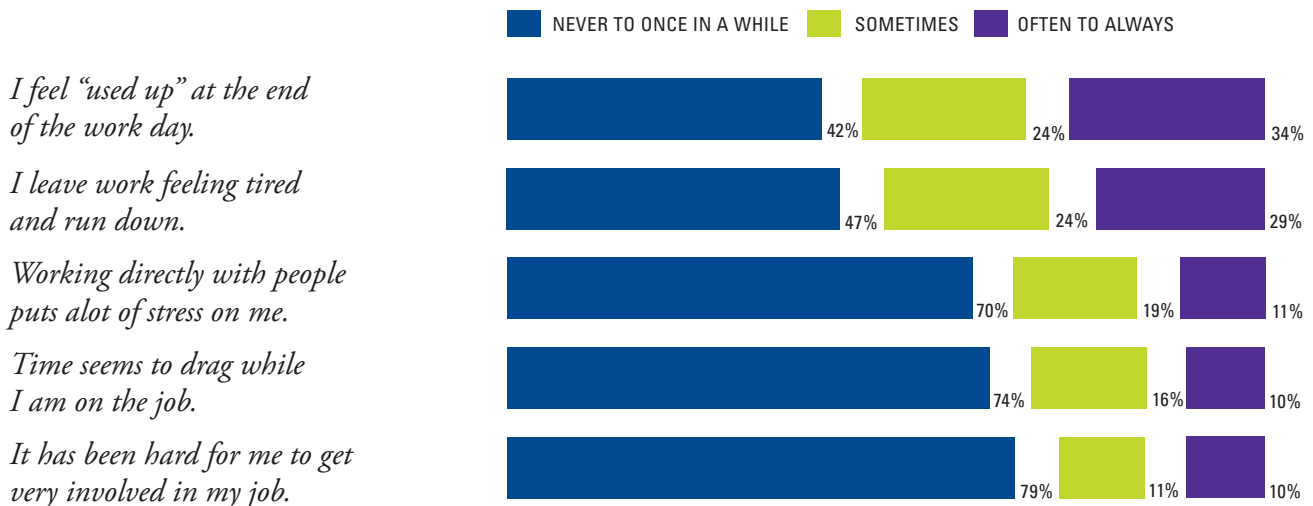
Most nonprofit employees are highly engaged in their work ...

ENGAGEMENT INDICATORS



... yet many are burned out or at risk of burnout.

BURNOUT INDICATORS



What management & organizational factors affect engagement?

Among the many aspects of the workplace environment, areas over which employers have the most control are their management strategies and the training of supervisors. This section examines the following aspects of organizations and management in order to help organizations understand which strategies have the most impact upon engagement.

Mission Attachment
Career Development
Benefits and Compensation
Job Specificity
Management Relations
Participatory Management
Emotional Engagement and Burnout



Mission Attachment

Missions are at the very core of nonprofit organizations and provide both an internal and external expression of the goals and values of the organization (Brown & Yoshioka, 2003). Prior research has found employees who expressed a

higher level of mission attachment were also more likely to be satisfied and express the intention to remain with an organization. Our survey findings confirm that mission was an important factor for many in choosing

their current job with 87% of all respondents rating the ability to serve the mission of their organization as important to very important. Our study also examined the impact of mission attachment on employee engagement and involvement by examining the extent to which nonprofit employees felt attached to the mission of their organization and ultimately the impact of those feelings on their level of engagement.

When nonprofit employees were asked about the mission of their organization, 89% of respondents

were aware of the direction and mission of their organization, and only 5% were unaware of their organization's mission. The majority (81%) agreed that the programs and staff support their organization's mission, and 89% believed that their work contributed to the carrying out of that mission. Although a majority of respondents (83%) liked working for their organization because they believe in its mission and values, 5% disagreed or strongly disagreed.

Our analysis showed that nonprofit employees who were more attached to the mission of their organization were also more likely to be engaged. This finding demonstrates the importance of mission not only to guiding organizations but also for creating meaning in the work individuals do on a daily basis. Nonprofit employees who were aware of the mission, believed in the mission and values, and felt that the program they worked in supported the mission, were more engaged than those who felt differently.

84%
say mission
is important

89%
believe their
work supports
the mission

RECOMMENDATIONS

Communicate the mission and strategy.

For employees to truly embrace an organizational mission of the organization, they must know what that mission is and how the organization is performing toward meeting those goals.

Hire for your culture.

While many interviews focus on the functional skills of the candidate, interviewers must also be trained to hire for "culture fit" within the organization. Without this "fit," new hires typically experience a difficult assimilation period, longer transitions to productivity, and a weakened basis for engagement.

Continually discuss and reinforce your mission statement and Core Values.

Developing Core Values that define the internal fabric of the organization and commitments of every individual within help to define the priorities and the environment. In this primarily internal document, each statement should have a "We will always..." certainty to it. For example, "We will always treat each other with respect and show genuine concern for each other's success."

Career Development

Investment in an employee's career development has been shown to play an important role in an employee's satisfaction and feelings of efficacy. Nonprofit organizations in particular face some difficulties in addressing the challenges related to career development in part because of the smaller size of many of these organizations and the budget difficulties many are now facing due to the economic downturn. This area of the survey revealed perhaps one of the more important, but difficult, areas for nonprofit organizations and managers to address.

The survey results revealed that an equal number of nonprofit employees (37%) agreed or strongly agreed as disagreed or strongly disagreed that they felt as if there were opportunities for them in the future of their organization. 43% of respondents felt that fulfilling all of their job responsibilities did not improve their chances of being promoted. This seems to confirm earlier studies which found that nonprofit employees felt that there were few opportunities for advancement or career ladders available to them (Commongood Careers, 2008).

Close to half of respondents (45%) indicated that they do not receive regular/on-going training to perform their job, while only 29% felt they did receive regular/on-going training. Additionally, a high percentage of respondents (37%) indicated that they felt their organization does not take an interest in their career development and advancement, while 35% felt their organization did take an interest, and 42% felt their career development needs were not being addressed. Again, these are interesting findings

when compared to respondents' answers about what motivated them to choose to work for their current employer, in which 70% rated professional development and 56% rated the potential for career advancement and professional development as important or very important in selecting their current job. The disparity between the reasons individuals choose particular jobs and their perspective on the support

High expectations often unmet.

they feel they actually receive in their organization suggests a mismatch between expectations and current work environment. This may indicate that although career development and opportunities for advancement are an important motivating factor for employees to choose an organization, these needs are often unfulfilled.

Employees who felt their organizations supported their needs in terms of career development through training, opportunities for advancement and promotions, and other forms of career support were more likely to be engaged. Additionally, our analysis demonstrates that investment in employee career development is negatively related to disengagement or burnout of employees. This suggests that organizations that invest not only create more engaged employees but also are better able to avoid the negative effects of burnout on employee morale and turnover. The investment in training has the dual effect of creating both higher levels of engagement in the workforce as well as the potential to make employees more effective at their jobs by increasing skill levels.

RECOMMENDATION

Develop employee talent.

With "professional development" being cited as an important factor, employers must take steps to define career paths, show intent to promote from within, and take an active interest in each employee's development.

Why they chose job:

70% value professional development opportunities

56% value potential for career advancement

How they rate job:

43% felt they did not receive regular, ongoing training to perform their job

42% felt fulfilling all job responsibilities does not improve chances for promotion

42% felt their career development needs are not addressed

37% felt organization does not take an interest in their career development and advancement

Compensation & Benefits

Job seekers and employers tend to focus on pay as a key aspect of employee satisfaction. However, research has revealed that pay is only moderately related to employee satisfaction and involvement (Judge et al, 2010). Instead, research suggests pay is a more important factor in selecting a job than in overall motivation and satisfaction once an individual is employed. This suggests that other aspects of the employee-employer relationship are more important to overall employee satisfaction and engagement, including non-monetary rewards such as benefits and policies that allow employees to balance home and work life. However, we did include satisfaction with pay and other benefits as part of our analysis of employee engagement in the nonprofit sector in part because of the well documented issues surrounding compensation of nonprofit employees.

Compensation. Our survey represents employees across a wide range of salaries, as indicated on the following chart. Overall, only 36% of respondents were very satisfied or satisfied with the amount of pay they receive, whereas 30% were dissatisfied with their pay. While past research results concerning the impact of employee compensation have been mixed, there has been large scale agreement that insufficient pay can lead to dissatisfaction among employees. Our analysis did find a positive relationship between employee pay satisfaction¹ and overall employee satisfaction and engagement, but not with actual pay.

Pay has long been a topic of discussion in the nonprofit sector with a great deal of research examining the reasons for lower average salaries in various areas of the nonprofit sector (Leete, 2006). Some theories have argued that the pay gap in the nonprofit sector exists due to the willingness of individuals to work for lower wages if they feel the work they are doing is meaningful (Frank, 1996). This suggests the weak relationship between actual pay and employee engagement may be due to an acknowledged trade-off that individual employees are making in terms of their salaries in order to work for a cause they value.

¹ Pay satisfaction measures an individual's feelings concerning the fairness of pay given personal experience, job characteristics, and economic conditions (Heneman & Schwab, 1985). Our survey asked respondents about their satisfaction with both direct (compensation) and indirect (benefits) forms of pay to construct a single measure of pay satisfaction.

The second hypothesis offered to explain wage differences between sectors suggests nonprofit organizations pay differently because of different conditions or pressures that exist in different sectors (Leete, 2006). This suggests that the work characteristics of the sector are the primary determinants of compensation. In other words, sector pay is not lower because workers voluntarily work for less; instead, the type of work that is performed is in less demand than the skills sets that receive higher pay in other sectors. This may also explain the weak relationship between actual compensation and employee satisfaction because workers may have looked at jobs in the public or for-profit sector and found that pay in a nonprofit was similar to other sectors. This

would mean that even at lower levels of pay, they might be equally satisfied regardless of sector and might not have had higher paying options or even job opportunities elsewhere. However, 47% of respondents are not satisfied with their pay given their skills and the effort they put into their work. Only 31% are satisfied with their pay relative to their skills and work effort.

Candidates are also comparing compensation offered to their perception of their worth in the “open market.” While the employer only has one environment to offer the candidate, the candidate can choose/pursue the environment they want to work within from all available openings in the market.



Pay Ranges

% of respondents

| | |
|-------------------|-------|
| Under \$20,000 | 7.3% |
| \$20,000-\$29,000 | 10.3% |
| \$30,000-\$39,000 | 19.0% |
| \$40,000-\$49,000 | 18.0% |
| \$50,000-\$59,000 | 13.9% |
| \$60,000-\$69,000 | 9.9% |
| \$70,000-\$79,000 | 5.9% |
| \$80,000 & above | 15.6% |

Benefits. In terms of benefits, individuals identified many different areas that were important to them when it came to choosing their current job. Professional development was most often identified by respondents as an important to very important (70%) factor. The next highest ranked benefits were vacation time and health care coverage. Over half of the respondents identified in descending importance: alternative or flexible work hours, potential for advancement, sick or personal leave, retirement. Of least importance were tuition reimbursement and child/elder care benefits.

Benefits among key factors in job choice.

% rating as very important to important

| | |
|-------------------------------------|------------|
| Vacation Time | 66% |
| Health Care Coverage | 66% |
| Alternative Scheduling | 60% |
| Sick/parental/personal leave | 55% |
| Retirement plan | 49% |
| Tuition Reimbursement | 23% |
| Child/elder Care | 12% |

RECOMMENDATIONS

Reward talent.

Despite limited budgets, nonprofit employers are still competing against all employers in the market for top talent. Therefore, efforts must be made to develop pay scales that are as competitive as possible to attract the level of talent and skills needed.

Provide recognition awards.

Many employees, in the absence of meaningful recognitions for their achievements, only have pay as a gauge to measure their perceived value to the organization. By not developing additional recognition channels, employers may actually be intensifying employee dissatisfaction with pay.



Job Specificity

Many aspects of work shape the nature and relationship of individuals to their jobs. One factor that has been cited as important to increasing employee satisfaction is the clarity employees feel about what is expected of them in terms of their job. The clearer the relationship between the tasks required of an employee and the eventual outcomes the more likely

57%
feel they lack authority to get their job done

an employee is to feel success is possible and their actions will lead to achievement of the mission (Locke & Latham, 1990; Wright, 2007).

66% of nonprofit employees felt they have a clear understanding of what their supervisors expects them to do, 18% do not have a clear understanding, and

16% did not express strong feelings. Although a majority of respondents (74%) felt they have a clear understanding of their job duties, over half (57%) felt they do not have enough authority to get their job done. This suggests that even when employees understand their work tasks other aspects of the nonprofit work environment might impede employees from feeling that they can achieve desired results.

Despite the divergent findings in terms of job specificity and feelings of employee efficacy, our analysis demonstrates job specificity does have a positive impact on employee engagement. Additionally, we found employees who believed they had a better understanding of their jobs were also less likely to be burned out or disengaged. Employers wishing to increase the engagement of workers can do so by setting forth clear expectations of what success looks like and giving employees the authority necessary to achieve those outcomes.

RECOMMENDATION

Create specific performance standards for each position.

Employees in all work environments have three basic questions that must be answered:

1. *What is my job?*
2. *Why is it important?*
3. *How do I know if I'm doing a good job?*

Management Relations

One of the primary relationships between individuals and organizations is the direct relationship between employee and supervisor or manager. When relationships between individuals and their supervisors go wrong, it can cause a great deal of distress for employees. Previous research has shown that dissatisfaction with supervision can increase the likelihood that individuals will leave their jobs (Kim & Lee, 2007; Larson & Hewitt, 2005).

Our survey found that the majority of respondents were satisfied overall with the quality of the supervision received. The majority (70%) were very satisfied or satisfied with the degree of respect and fair treatment they receive from their supervisors. 57% of respondents were satisfied with the overall amount of support and guidance that they receive from their supervisors and with the overall quality of their supervision.

Two-thirds gave high marks for clear direction given, opinions valued and input. Additionally, our analysis demonstrated that individuals who felt the quality of their supervision was high were also more likely to be engaged than those who had a poor relationship with their supervisors.

Supervisors generally receive high marks.

% who strongly agree or agree

74% are asked for opinions and thoughts when determining work objectives

74% have a clear sense of priorities

69% feel free to suggest changes in their job

68% have a clear understanding of what supervisor expects them to do

63% feel involved in important decisions about their work

58% have enough authority to determine how to get their job done

51% are asked for input in decisions that affect them

RECOMMENDATIONS

Build trust relationships.

Micro-management is contrary to employee engagement in that it conveys a lack of trust in the employee's abilities.

Provide management skills training.

Supervisors must be trained to develop skills that will enhance the potential engagement levels of each individual on their team.

Participatory Management

Prior research has demonstrated the importance of involvement of employees in decision making as an aid to increasing both employee satisfaction and feelings an employee has about the importance of their work (Wright & Kim, 2004). Both employee satisfaction and the importance employees place on their work impact job engagement. For this reason, we asked employees how often they were able to participate in decision making about different aspects of their jobs.

Overall, the survey responses suggested that nonprofit managers do a good job of involving employees in decision making about their jobs. Most employees surveyed either agreed (38%) or strongly agreed (34%) that their supervisor asks for their opinions and thoughts when determining work objectives. Only a slightly smaller number of survey respondents either agreed (32%) or strongly

agreed (29%) that they felt involved in important decisions regarding their work unit. In general, most employees felt free to suggest changes in their job with 67% of respondents either agreeing or strongly agreeing. Finally, almost half of all employees agreed that employees who are affected by decisions are

asked for their input.

Our analysis also showed that employee participation in decision making did positively

impact employee engagement. This is an example of a small change that organizations can make in terms of management to improve employee engagement. Simply involving employees in decisions that affect their work and the work of the organization can help employees feel more connected to both the organization and its work.



72% say
their supervisor
seeks input

RECOMMENDATIONS

Encourage input.

Empowering employees to provide input into decisions increases their acceptance of changes being made and creates a sense of authorship and pride in how valuable their input is perceived by management.

Create a culture of creativity and innovation.

Organizations must continually communicate that employee input is not only encouraged, but expected.

Strive to be more transparent.

The more information you are willing to share with your employees, the more involved and trusted they will feel. Not feeling “in on things” is one of the most-stated reasons that employees leave organizations.

Seek out and manage efficiencies.

Ensuring that work projects have value, duplication of effort is reduced, and processes are streamlined shows not only a degree of knowledge by the manager of the work being produced, but a respect for the employee’s time and emotions.

Recognize signs of disengagement.

Managers must be trained to understand and be aware of the early warning signs that an employee may be becoming less engaged.



Emotional Engagement & Burnout

The importance of emotions to work is one aspect of employment which is rarely addressed in the popular management literature. Despite the lack of attention given to emotional issues at work, it is difficult to deny the importance of emotion to be effective in many aspects of the work for employees. Emotional involvement is often a natural part of work, especially for many nonprofit employees who have to work with individuals facing difficult health, social and economic situations. Employees involved in emotional work must engage and manage their own emotions as well as the emotions of their clients to successfully carry out their job tasks.

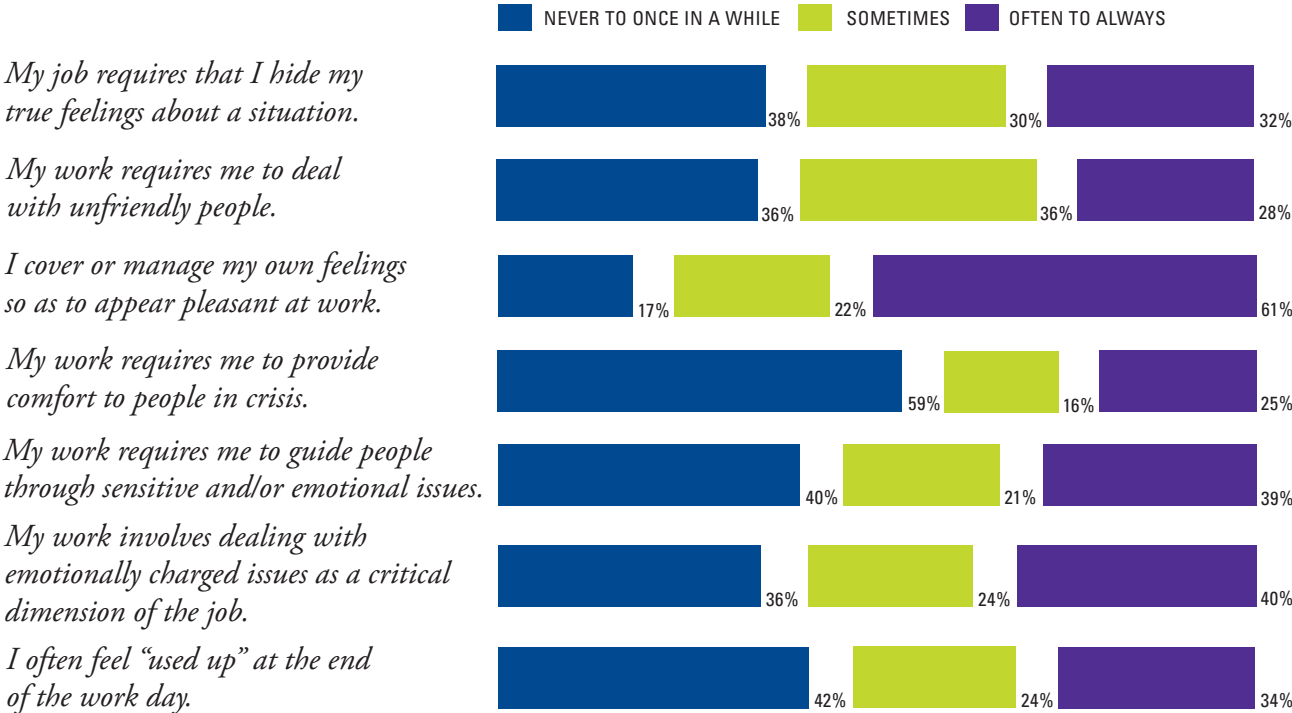
Studies examining the role of emotion in the workplace have found emotions can play an important role in determining employee satisfaction, involvement, and effectiveness on the job. Just as mission plays an important role in creating an attachment to the work we do, emotions provide the vehicle to connect with others as we work and

help to create meaningful experiences on a daily basis. Our analysis demonstrated that over 60% of all of the respondents engaged in some aspects of emotional labor and felt they had to act in ways different than how they felt.

Our analysis found a strong positive relationship between the involvement of emotion in work and employee engagement. Emotional involvement in work has the potential to make employees feel that their work is important and makes a difference in the lives of others and their communities (Guy, Newman & Mastracci, 2008).

62%
who engage in emotional work
hide feelings

Emotional work is satisfying, but often takes a toll.



However, emotional engagement in the workplace can have negative effects on employees as well. In particular, the management of emotions can often come at a heavy price and leads to feelings of burnout or disengagement if handled improperly.

Research on emotion in the workplace suggests that emotional engagement in work begins to have a negative impact upon employees when they are forced to act in a way that is different from how they actually feel or hide their emotions below the surface

(Hoschild 1983). As we expected, our analysis demonstrated that this “surface acting” has a negative impact on employee engagement and satisfaction in the workplace. Even more important, surface acting also increases the likelihood of employee burnout and employee turnover intentions.

Our survey found that those employees who often feel “used up” at the end of the day are the most likely to leave (53%) whereas only a small percentage who rarely feel used up are likely to leave (12%).

Those with emotional burnout have highest turnover intentions.

I feel “used up” at the end of the day.

I am unlikely to stay at my current job.

| | | |
|-----------------|-----|-----|
| often to always | 34% | 53% |
| sometimes | 24% | 36% |
| never | 42% | 12% |

RECOMMENDATION

Acknowledge the skill and difficulty in emotion work.

Supervisors need to acknowledge the importance of emotional intelligence in the workplace. This includes assessing emotion work as part of an employee’s recruitment, annual review and considerations for promotion.



Do demographic factors impact engagement?

Past studies have suggested that employee engagement was correlated with an employee's age or generation. For example, one study showed that younger employees are less likely to be engaged while older employees are more likely to be engaged (Watson, 2009). This may have to do with the different needs of younger generations in comparison to older generations. Employees from the "Millennial" generation (birth dates ranging somewhere from the mid-1970s to the early 2000s, often called "Y" generation) may be most engaged in a job where training and skills development is made available, since this is a workplace factor that "Millennials" have singled out as important to them. On the other hand, there are some workplace factors, such as advancement opportunity, that seem to be important to employees of all generations (Wong, Gardiner, Lang & Coulon, 2008).

In this study, we examined demographic factors such as generation, gender, race and ethnicity, and level of education and their impact on employee engagement.

Generational Differences. A great deal of discussion has been devoted to the differences between generations in the workplace and the differences that many believe exist between the "Baby Boomers" (born following World War II, birthdates from 1946 up to 1964) and "Millennials" and their goals in the work environment. Our analysis did find that older workers were more likely to be engaged than younger workers. The positive relationship between age and engagement was similar to results of previous studies which found that older workers tended to more engaged in their work (Word & Park, 2008; Sekaran & Mowday, 1981). However, we cannot say with certainty that the higher levels of involvement of older workers are related to cultural differences between generations.

Gender Differences. While our model tested for differences between men and women in terms of engagement, we did not find any significant differences related to the gender of our respondents. Previous research on engagement and involvement had suggested that gender does play a role in terms of motivation (Word & Park, 2011). This suggests that while there may be some differences between the genders in terms of motivation, those differences do not seem to result in different levels of overall engagement.

Diversity. Our analysis also failed to find any significant differences that existed in terms of employee engagement between different ethnic or racial groups. While we did not expect to see any significant differences between racial or ethnic groups, the lack of a difference suggests that overall minorities are at least not more likely to be alienated or disengaged than whites and the differences between racial and ethnic groups in terms of engagement are minimal.

Education. Our analysis found that level of education did impact the amount of employee engagement. Similar to previous research, education was found to have a weak negative impact on employee engagement (Sekaran & Mowday, 1981). This finding must be interpreted with caution since education only had a slight negative effect on engagement and we do not wish to encourage employers to seek out workers with lower levels of education as a means to increase engagement. The negative impact of education on engagement may also reflect other important sociological changes that occur as workers gain additional skills and knowledge through the educational process.

How does employee engagement impact employee turnover?

Turnover has been estimated to be very costly to organizations across the public and private sectors. These costs include both direct costs to fill a position as well as costs that are difficult to measure, such as impacts upon the morale and productivity of remaining employees and loss of customers/clients. According to a 2007 estimate by the U.S. Bureau of Labor and Statistics, the average cost to replace an employee is \$13,996 (O’Connell & Kung, 2007). The costs of replacement vary widely by industry with lowest costs associated with “leisure and hospitality” and the highest costs associated with “information based jobs.” Estimates of employee replacement costs include these main components: the costs to recruit and hire a replacement; the costs resulting from loss of productivity and potentially lost revenues while the position remains empty; and the costs associated with training, orientation and development of the new employee.

Turnover-related costs can represent more than 12% of pre-tax income for the average company to nearly 40% of earnings for companies at the high end of the spectrum. Additionally when an employee leaves a position

for a new company, the company can lose up to 80% of that individual’s professional knowledge (PricewaterhouseCoopers LLP, Global Best Practices, PwC, 2006)

One of the clearest outcomes of an employee being disengaged or disconnected from their work environment is expressing an intention to leave their current organization for a different job. Turnover can be costly to organizations because it represents not only the loss of a particular employee but also their knowledge and experience (Gazely, 2009). Additionally, turnover impacts not just those choosing to leave the organization but also those left behind, who often end up with additional work and training responsibilities.

The findings related to intentions of employees to leave their current organization also suggest serious changes need to be made in order to keep employees in their current organization. Only 55% of respondents plan to continue working for their current employer. Of the 45% who plan on leaving their current organization, just over half (51%) plan on leaving within the next two years.



Where they are going ...

| | |
|-------------------|-----|
| another nonprofit | 38% |
| government/public | 8% |
| for-profit | 7% |
| don't know | 47% |

and when.

| | |
|-----------------|-----|
| within 6 months | 22% |
| within 1 year | 16% |
| within 2 years | 13% |
| after 2 years | 10% |
| don't know | 39% |

based on 45% of respondents intending to leave within next 2 years

The current plans for nonprofit employees to change jobs in the next two years, while somewhat surprising, may also be a reflection of changes that

38% of those intending to leave plan to stay in sector

have occurred because of the down economy or even the population surveyed. The current economy and limited number of job opportunities has kept many

individuals from switching jobs over the last several years. To a certain extent, the survey results probably capture this pent-up demand for many to change jobs or organizations that has been suppressed since the beginning of the recession. Similarly, it should be noted that across all sectors, 84% of employees plan to look for a new position in 2011, as reported in a survey conducted in late 2010 by job-placement firm Manpower (Dickler, 2011). Additionally, a separate survey by Mercer (2011) reports that 32% of US workers are seriously considering leaving their job in comparison to 23% in 2005.

To a certain extent, higher turnover in nonprofit professional positions is normal because small nonprofit organizations offer little opportunity for advancement and employees must often change organizations to advance (Ban, Drahnak-Feller

& Towers, 2003), high turnover rates in other positions in the nonprofit sector likely result from burnout due to work on difficult problems with scarce resources (Gazley, 2009; Light, 2002). Mercer (2011) also estimates that 21% of employees view their employers unfavorably and have rock-bottom scores on key measures of engagement.

The one bright spot for the nonprofit sector is that while many of these employees plan to leave their current organization, they do plan on staying in the nonprofit sector. Our survey found that over a third of respondents who plan on leaving their current organization plan on switching to another nonprofit. A small percentage indicated they plan on changing current employers to work for a government agency or for-profit company. This suggests that perhaps the desire for many employees to leave their current organization has more to do with a lack of career ladder or current salary than with the work the sector performs. It also suggests that changes could be made by current employers to retain key staff and decrease turnover.

While resigning from the organization is the most extreme form of disengagement, employee retention is only one of the many tangible benefits a highly engaged workforce delivers. Increased productivity, meaningful employee input, improved safety, attention to detail, satisfied deadlines, decreased absenteeism, minimized frustration, and demonstrated teamwork are among the engagement

How does employee engagement impact our community?

Our report has sought not only to understand the impact of engagement on individual organizations but also on outcomes for the community. The nonprofit sector not only serves the interests of individual organizations but also whole communities. For this reason, we were interested not only in the impact of engagement upon organizational outcomes but also employee outcomes. Previous research suggests that the desire to serve the public interest is related to other activities that promote community and enhance civic engagement, including volunteering and voting (Houston, 2006).

61%
volunteer with
another nonprofit,
over twice the
national average

respondents volunteer for other nonprofit organizations which is more than twice the national average of 26% of American adults in 2010 (Volunteering in America, 2011). 78% of respondents strongly agreed or agreed that they unselfishly contribute to their community. Additionally, 85% strongly agreed or agreed that

Our findings confirmed that more engaged employees were also more likely to be involved in different aspects of their communities. 61% of

meaningful community service opportunities were important to them personally. 76% strongly agreed or agree that they considered community service their civic duty. Finally, 69% strongly agreed or agreed that making a difference in society means more to them than personal achievements.

Most respondents (80%) also believe that what they do is for a cause bigger than them, 68% agree they are prepared to make sacrifices for the good of society, and 59% agree that they would prefer community leaders to do what is good for society even if it harms their own interests. The majority of respondents (58%) also feel that doing good deeds is more important to them than doing well financially. This may be a reason why employees stay with their current position even though only 37% are satisfied with their current salary.

Overall, increasing employee engagement not only benefits individual organizations but also individual employees and the communities that these organizations serve. Future research needs to be conducted to more fully understand the impact that a more engaged nonprofit workforce has in terms of the long term sustainability and effectiveness of nonprofit organizations. However, this project demonstrates that many easy-to-implement management and organizational changes can be made to improve employee engagement and avoid the downside of disengaged and burned out workers.



Appendix

Summary: Areas of Concern / Strengths We Can Build On
Best Practices & Recommendations
Study Methodology & Survey Instrument
References
Acknowledgements

Areas of Concern

TURNOVER

Only half plan to continue working for their current organization.

Of those planning to leave, nearly half plan to do so within the next two years.

EMOTIONAL ENGAGEMENT & BURNOUT

Half of employees may be burned out or are in danger of burnout.

Individuals who are burned out are also more likely to leave their current jobs.

Nearly one in three engaged in some aspects of emotional labor and act in ways that were different than how they felt.

CAREER DEVELOPMENT

Nearly half felt that fulfilling all of their job responsibilities did not improve their chances of being promoted.

More than a third felt strongly that there are not opportunities for them in the future of their organization, and that their organization does not take an interest in their career development.

Close to half felt that they do not receive training needed to perform their job and their career development needs were not being addressed.

BENEFITS AND COMPENSATION

Only one third are satisfied with their pay level relative to their skills and work effort; half are unsatisfied.

Professional development was most often identified as an important factor. The next highest ranked benefits were *vacation time* and *health care coverage*.

JOB SPECIFICITY

The majority felt they do not have enough authority to get their job done.

Strengths We Can Build On

MISSION ATTACHMENT

Nine out of ten believe their work contributes to the carrying out of the organizational mission, and rate the ability to serve the mission as the top reason for choosing their current job.

ENGAGEMENT IN THE COMMUNITY

Nearly two-thirds volunteer for other nonprofit organizations, which is more than twice the national average.

Seven in ten say that making a difference in society means more to them than personal achievements.

The majority also feel that doing good deeds is more important to them than doing well financially. This may be a reason why employees stay in their current position even though only a third are satisfied with their current salary.

The majority say they would prefer that community leaders do what is good for society even if it harms their own interest.

CAREER DEVELOPMENT

Seven in ten rated *professional development* and half rated *career advancement potential* as important factors in selecting their current job.

JOB SPECIFICITY

Two-thirds felt they have a clear understanding of what their supervisors expect them to do.

PARTICIPATORY MANAGEMENT

Most say that their supervisor asks for their opinion and thoughts when determining their work objectives, and that they feel free to suggest changes in their job.

Half say that they are asked for input if decisions affect them.

Best Practices & Recommendations

Throughout this report, we have highlighted best practices and recommendations to enable and further employee engagement. We have compiled for reference and included further concepts to help in assisting as a guide for a proactive discussion for nonprofit leaders, supervisors and team.

BE DELIBERATE ABOUT ENGAGEMENT

True employee engagement rarely “just happens”. It requires strategic actions, communicated vision, and constant maintenance to keep organizations vibrant and growing.

COMMUNICATE THE MISSION AND STRATEGY

For employees to truly embrace the mission of the organization, they must know what that mission is and how the organization is performing toward meeting those goals.

HIRE FOR YOUR CULTURE

While many interviews focus on the functional skills of the candidate, interviewers must also be trained to hire for “culture fit” within the organization. Without this “fit,” new hires typically experience a difficult assimilation period, longer transitions to productivity, and a weakened basis for engagement.

CONTINUALLY DISCUSS AND REINFORCE YOUR MISSION STATEMENT AND CORE VALUES

While many organizations have a published Mission Statement, employees may view this as simply a means of marketing the organization to the public. Internal communication explaining the strength of those commitments and the organization’s passion for them promotes unity and momentum. In addition, developing Core Values that define the internal fabric of the organization and commitments of every individual within help to define the priorities and the environment. This is primarily an internal document and each statement has a “*We will always...*” certainty to it. For example, “*We will always treat each other with respect and show genuine concern for each other’s success*” or “*We will always find new ways to increase our value to our clients.*” Core values should be regularly reinforced, rarely change, and be known and demonstrated by all employees regardless of position.

REWARD TALENT

Despite limited budgets, nonprofit employers are still competing against all employers in the market for top talent. Therefore, efforts must be made to develop pay scales that are as competitive as possible to attract the level of talent and skills needed. **Recommended resource:** OpportunityKnocks National Nonprofit Wage and Benefits Report, http://content.opportunityknocks.org/ok_research/wage-benefits-report/

DEVELOP EMPLOYEE TALENT

With “professional development” being cited as an important factor, employers must take steps to define career paths, show intent to promote from within, and take an active interest in each employee’s development. Even when formal promotions to a new position title are unavailable or compressed, employers can give added responsibility and authority to employees (for example, leading of a project). Employers should supplement this responsibility with support, resources, and public recognition of the responsibilities awarded to the individual. Additional compensation in the form of bonuses or gifts of appreciation can also follow successful project completion and build an environment of recognition.

PROVIDE RECOGNITION AWARDS

Many employees, in the absence of meaningful recognitions for their achievements, only have pay as a gauge to measure their perceived value to the organization. By not developing additional recognition channels, employers may actually be intensifying employee dissatisfaction with pay.

EXPRESS INDIVIDUAL APPRECIATION FOR EFFORTS MADE DIRECTLY TO THE EMPLOYEE

Rarely will group recognition prompt higher individual engagement. Communication of the manager's and the company's awareness and appreciation of an employee's effort and achievement should be communicated directly to the employee both by their direct manager and higher levels of leadership.

IN ADDITION, PUBLICLY RECOGNIZE INDIVIDUAL ACHIEVEMENTS

In addition to the direct and individual communication of appreciation described above, organizational leaders should take steps to publicly recognize individuals that have displayed outstanding effort and/or achievement in contributing to the organization's success. Through all-company meetings or all-employee e-mails, appreciation can be expressed and recognition given. Communication of this type should be specific as to what was accomplished, how it exceeded expectations, and the impact that it has had on the organization as a whole. This is not a blanket, body-of-work testimonial, but rather is geared to specific projects or input that, hopefully, will prompt other employees to produce similarly and earn the same type of recognition.

CREATE SPECIFIC PERFORMANCE STANDARDS FOR EACH POSITION

Employees in all work environments have three basic questions that must be answered: 1 - *What is my job?* 2 - *Why is it important?* 3 - *How do I know if I'm doing a good job?* Specific measurements (created for each position title) allow employees to better self-manage their time and effort to ensure that expectations are met (and exceeded). A lack of specific expectations and performance measurements also is typically a dissatisfier for top performers who, in an engaged environment, are driven to meet and exceed all standards set. Lower, unengaged workers see a lack of expectations and measurements as a means of staying "under the radar." A lack of specific and communicated expectations also affects the employer's abilities to defend against claims of unwarranted discipline or wrongful termination

BUILD TRUST RELATIONSHIPS

Building relationships with foundations of trust and mutual respect are key drivers of employee engagement. Managers are responsible to not only manage the work, but to manage the relationship with each employee on their work team. Micro-management is contrary to employee engagement in that it conveys a lack of trust in the employee's abilities. Managers must identify and recognize the unique abilities of every employee on their work team and maximize the utilization of those abilities.

PROVIDE MANAGEMENT SKILLS TRAINING

All supervisory employees must be trained to develop skills that will enhance the potential engagement levels of each individual on their team. Some samples of the types of engagement-building management training topics that may be considered are: communication skills, delegation, motivation of employees, planning and forecasting, conducting effective performance discussions, providing feedback, etc. Investments made in management training result in heightened management confidence, increased effectiveness, higher productivity, and better employee relationships.

ENCOURAGE INPUT

Empowering employees to provide input into decisions increases their acceptance of changes being made and creates a sense of authorship and pride in how valuable their input is perceived by management.

CREATE A CULTURE OF CREATIVITY AND INNOVATION

Organizations must continually communicate that employee input is not only encouraged, but expected. Through project planning sessions, cross-functional problem solving and decision making, and rewarding innovative ideas that will advance the organization's achievement of its goals, employees will gain a better "big picture" view of how their efforts affect those around them and the organization as a whole.

STRIVE TO BE MORE TRANSPARENT

The more information you are willing to share with your employees, the more involved and trusted they will feel. In addition, the more they can embrace the goals and ensure that their individual efforts are contributing to the organization achieving those goals. Obviously, some information (salaries, personal info, etc.) must remain confidential, but publicly and openly sharing all appropriate information with employees creates a sense of ownership and trust. Not limiting communication to only talking about successes the organization has had, but also the challenges it is facing, causes engaged employees to want to do more to assist in overcoming those challenges. Not feeling "in on things" is one of the most-stated reasons that employees leave organizations. Transparency also minimizes employees' suspicions toward management and decreases the possibility of them making false assumptions about the health and/or stability of the organization. Regular, scheduled, all-employee informational meetings (as often as once a month) provide organizational leaders with an opportunity to give a "state of the organization" update, talk about departmental priorities, reinforce the vision, share "best practices" between departments, and recognize individual achievements. In organizations with multiple locations, a webinar, podcast or virtual meeting format can be used to facilitate these meetings.

SEEK OUT AND MANAGE EFFICIENCIES

Supervisors must proactively look for ways to make the employee's workload most manageable, providing advice, resources, and efficiencies aimed at allowing the employee to be as productive and effective as possible. Ensuring that work projects have value, duplication of effort is reduced, and processes are streamlined shows not only a degree of knowledge by the manager of the work being produced, but a respect for the employee's time and emotions. These are typically prime opportunities to invite the employee's input as to how the tasks could be better performed and/or structured to achieve defined goals and performance standards.

RECOGNIZE SIGNS OF DISENGAGEMENT

Managers must be trained to understand and be aware of the early warning signs that an employee may be becoming less engaged.

ACKNOWLEDGE THE SKILL AND DIFFICULTY IN EMOTION WORK

Supervisors need to acknowledge the importance of emotional intelligence in the workplace. This includes assessing aspects related emotion as part of an employee's recruitment, annual review and considerations for promotion. This emphasizes the importance of emotional intelligence and acknowledges the importance of emotion work to employees. The more value employees and employers place on the outcomes of this type of work the more likely it is to increase rather than decrease engagement and satisfaction.

Study Methodology & Survey Instrument

The data for this report was collected using an online survey instrument sent to registered Opportunity Knocks job seekers and employers, and circulated throughout the nonprofit community at large in June and July of 2011. Participants were offered a chance to win a pair of AirTran tickets for completing the survey. Enrolling in the drawing for AirTran tickets was solely on a volunteer basis and identifying information was in no way linked to their survey responses. The survey instrument included 81 questions asking individual nonprofit employees about their level of engagement and satisfaction with their current jobs as well as information concerning the organization where they are currently employed and demographic information.

Respondents were asked an initial screening question about their current employment status and only those currently employed in the nonprofit sector were allowed to participate since the questionnaire included items about their current employer. Ultimately, the data collection yielded 2,122 usable survey responses out of 2,615 attempts made by individuals eligible to complete the survey. While all 2,615 respondents did complete some portion of the survey, 493 participants did not complete enough of the survey to be included in the final analysis since they failed to finish a significant portion of the survey instrument. In addition to the 2,615 eligible respondents, 813 individuals attempted to answer the survey but were ineligible because they were not currently employed in the nonprofit sector.

One of the key limitations of this research project is that it was unable to select nonprofit employees based upon a probability sampling methodology. This means that the results of the survey should be interpreted with caution since the sample is likely to be somewhat biased. Similar to other studies of this kind, the data collected were all self reported which raises concerns about common method bias.

About the Respondents. Women participants outnumbered male survey participants with 85% of the respondents being women compared to 15% men. This is not surprising since women dominate the nonprofit sector and comprise an estimated 67% of the nonprofit workforce (Leete, 2006). Again, this means that the population that responded is significantly more female than the nonprofit sector at large and this oversampling of women means men are under-represented in the current survey results.

The ages of respondents varied; although a high percentage of respondents fell between the ages of 25 and 34 (28% of all respondents). The second highest percentage group fell between the ages of 35 to 44 (20% of all respondents). There were no respondents of the age 17 or younger, but, surprisingly, 7 respondents were 70 years of age or older. The majority were White (70%), followed by Black (15%), Hispanic (5%), Asian or Pacific Islander (4%), Multiethnic or Multiracial (4%), American Indian or Alaska Native (1%), and Other (1%). This also represents a departure from estimates of diversity in the nonprofit sector as a whole since the most recent estimates suggested that the nonprofit labor force was 81.4% white (Leete, 2006). Since these numbers are somewhat dated, the large number of non-white respondents could either mean that the respondents to the survey happened to be more diverse than the nonprofit sector generally, or that the sector has become more diverse over the past 5 years.

Survey respondent by organization role*

| | |
|---------------------------------|-------|
| Development/Fundraising | 12.7% |
| Program Management | 12.7% |
| Executive/Senior Management | 11.1% |
| Administration | 9.1% |
| Administrative Support/Clerical | 6.8% |
| Education/Teaching | 6.3% |
| Human Resources | 5.3% |
| Accounting/Finance | 5.1% |
| Social Work/Counseling | 4.8% |
| Communications/PR | 3.9% |
| Volunteer Service | 3.6% |
| Youth Service | 3.5% |
| Marketing & Sales | 3.2% |

*3% and over

Respondents represented the gamut of organization roles with the largest group reporting as Development/Fundraising (12.7%), Program Management (12.7%), Executive/Senior Management (11.1%), and Administration (9.1%).

A copy of the technical report, including items used in the survey and additional information on the construction of individual measures, can be obtained by contacting the corresponding author Dr. Jessica Word via email at Jessica.Word@UNLV.edu.

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