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Employee Retention Using Nonfinancial Means: Addressing Human Resource Challenges for Nonprofits.

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I pledge that I have neither given nor received unauthorized assistance during the completion of this work.

Abstract

Employee retention can be problematic for any organization but when that organization is a nonprofit that needs to keep costs to a minimum, it can be even more of a challenge. The nonprofit sector is a diverse one made up of a wide range of very different kinds of organizations from foundations to trade associations, from cultural and arts institutions, to healthcare and social service providers. Many of these organizations have vast assets while others provide services that are not highly rewarded or funded. Often nonprofits count on their mission to attract and retain employees however, demands for more accountability and proof of program results are placing more pressure on nonprofit employees. Nonprofits are often regulated by organizational policy and limited funding, both of which contribute to lower financial rewards for employees. Low compensation and high workloads are then leading employees to set aside their desire to make a difference by fulfilling the organization's mission, and instead leading them to pursue positions that offer more pay and less stress (Leon, Marainen, and Marcotte, 2001). Without the right employee in place, achieving the organizational mission is difficult, if not, impossible.

This research project explored the different research works that have been done in the area of employee retention to identify the various factors which affect retention in an organization. A qualitative method was used and semi-structured interviews were conducted with area nonprofits to identify the most effective nonfinancial means that could be implemented by nonprofit organizations to retain employees. The following are the findings, implications, and suggestions gained from the literature and a qualitative analysis of interview data.

Chapter 1: Introduction

There are many types and sizes of organizations and they often have more differences than similarities. However, one factor is essentially shared by all, for the sustained success of the organization it is not only key to attract the best and most talented employee but it is equally vital to retain them. The long-term success and performance of an organization is dependent on its ability to retain the best employees (Das & Baruah, 2013). An organization that attracts superior talent will often have a better chance at success because of enhanced work quality and better service. A study by Hancock, Allen, Bosco, McDaniel, and Pierce (2013), indicated that focusing on employee retention could improve organizational performance and decrease the associated costs related to recruitment and turnover. The challenge faced by many organizations is the formulation of an effective employee retention strategy that assists in retaining critical employees that are indispensable in attaining the organizational goals. Unless there is a measured and genuine effort made in retaining employees, industry competitors are likely to attract and steal the talent already trained and nurtured within the organization.

Problem and Significance

While there are a variety of types and sizes of nonprofits, they are no exception to the need for attracting and retaining essential talent. Nonprofits rely on their employees to provide outstanding service, but at the same time often do not have enough resources to compensate employees as well as other organizations. While the bottom line for most organizations refers to financial gain as the final objective of the organization, nonprofits often consider the mission of the organization to be their bottom line or final objective. Financial incentives are then merely considered a means to push the mission of the organization. Additionally, nonprofits are

frequently restricted by organizational policy and a lack of funds, both of which contribute to lower financial rewards for those working within the organization.

Since nonprofit organizations are not motivated by financial gain and often lack sufficient resources to compensate their employees competitively, it would be strategically beneficial to utilize nonfinancial means to attract and retain employees. Additionally, implementing strategies to reduce turnover costs in nonprofit organizations would be valuable for the proper stewardship of the donor dollars spent to fund operations. While every business should strive to understand and use alternative nonfinancial practices in order to retain employees, this is especially true for nonprofit organizations.

The purpose of this project is to explore strategies nonprofit leaders might implement to improve employee retention. This project seeks to tackle the following research question: what alternative and nonfinancial incentives are nonprofits using to effectively and strategically attract and retain key employees? The problem question was asked to address and make recommendations for improvements to employee retention among key employees. To assist in this, it will be necessary to identify and explore the different literature that has been completed in the area of employee retention, identify the assorted retention initiatives utilized by organizations. It will also be indispensable to explore the effectiveness of the implemented strategies and investigate the connection between the different components and various elements. To reach this aim, there are various sub questions needed to come to a conclusion on the key aim. Which methods have been the most effective? How are the strategies determined to be successful?

Context

It is essential for the success of any organization that it attract and retain the highest skill and talent possible in order to fulfill its strategy and mission. Employees are a vital asset of any organization and it is critical for an organization that wants to succeed and excel to manage their human talent wisely (Mello, 2011). Worldwide, a number of factors have been attributed to the increase in the level of employee turnover. The way people are paid, recognized, and achieve salary advancement are considered important factors by many in attracting, retaining, and motivating employees.

Employee retention is a strategic method to improve results. Focusing on employee retention may result in decreased costs and improvements in organizational performance (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013). Lower employee turnover correlates with noticeable improvements in regards to organizational performance (Park & Shaw, 2013). Decreasing employee turnover has the potential to lead to significant cost saving for organizations as hiring new workers involves significant training and orientation expenses (Cho, & Lewis, 2012). Employee retention aids an organization in selectively choosing who they want to retain (Smith & Rutigliano, 2002), reduces the organizational costs associated with turnover (Opportunity Knocks, 2010), and contributes to an organization having a competitive edge in the struggle for talent that is so strong among organizations (Scott, McMullen, & Royal, 2012).

Historical Context

The nonprofit sector is the third largest employment group in the United States with over 10 million employees. Nonfinancial means to retain employees has the potential to be a strategic aspect of running a nonprofit, the fact that there are over 1.4 million nonprofits in the United States (Urban Institute, 2015), and over 10 million nonprofit workers, presents an opportunity to learn more about retention.

The nonprofit sector is composed of many different types of organizations including: education, healthcare, animal care, and international and foreign affairs organizations, just to name a few (Nonprofit HR, 2014). Numerous nonprofits have enormous assets while others provide services that are not favorably rewarded or funded. Working within a nonprofit will often result in a rewarding life rather than rewarding benefits. Nonprofits that have fewer financial means still need to retain their key employees. In actuality, it is even more important since the organization may not be able to use financial rewards as generously and needs to find other means to retain employees.

The majority of nonprofits rely on the organization's mission to recruit and retain employees. According to Taylor (2010), careers in nonprofits often require passion for the organization's mission and a genuine desire to contribute to helping others. The mission of the organization will often attract clients, donors, funders, and employees to an organization (Brown and Yoskioka, 2003). However, the ability of the nonprofit to rely on the mission of the organization to attract and retain employees is eroding. Nonprofit employees often find themselves in a position of not only low wages but also high stress.

Demands for more accountability and proof of program results are placing more pressure on nonprofit employees. Increasing demands are often leading employees to set aside their desire to make a difference by fulfilling the organization's mission and instead driving them to pursue positions that offer more pay and less stress (Leon and Marcotte, 2001). Depending on the position and level of the employee, a single employee who leaves can significantly affect the organization. When an employee leaves, the organization will often experience a negative impact. Unexpected employee turnover can lead to a reduction of effective work, productivity,

time needed to train replacement, increased hiring costs, and additional burdens on remaining staff that can have a major effect employee morale.

According to Scott, McMullen, and Royal (2012), employee turnover has the potential to cost the organization between 50 and 200 percent of an employee's annual salary. Retaining skilled employees has the potential to give an organization a competitive advantage by creating high morale and satisfied workers, who provide better service and enhanced productivity (Hong, Hoa, Kimar, Ramedran, & Kadiresan, 2012). Retention is fundamental in an organization because employee turnover suppresses an organization's ability to perform optimally (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013). In addition, organizations may experience increased costs in the hiring of new employees (Cho & Lewis, 2012). To reduce turnover, organizational leaders could focus on retention strategies (George, 2015).

Nonfinancial means to attract and retain employees are essential and strategic as such actions help to engage and commit key employees without a large financial loss for the organization. Reducing employee turnover decreases operational costs, saving money, which is especially beneficial for a nonprofit organization that is operating on limited funding (Opportunity Knocks, 2010). Compensation, whether financial or nonfinancial, helps to show employees that they are making a difference and that they do matter to the organization. Finding low cost means to retain workers has the potential to assist the nonprofit organization to treat their employees better; this then may affect the financial bottom line, increase employee job satisfaction, and ultimately affect the community the nonprofit serves in a positive way.

Studies on the topic of employee retention reveal some of the common reasons employees remain with organizations (George, 2015). However, typically studies feature turnover rather than focusing on retention (George, 2015). For example, Cohen, Blake, and

Goodman (2015) examined the relationship between turnover intentions and actual turnover. Jung (2012) conducted a study on the relationship between employees having clear goals on the job and their intention to leave. Bertelli and Lewis (2012) studied the relationship between senior executives' ability to influence policy and employee turnover intention. The focus of each of these studies was not specifically on retention.

Goals of the Project

The proposed goal of this project is to find alternative retention strategies, specifically nonfinancial means, to use within a nonprofit organizational setting to retain key employees. An additional focus will be on attracting the right employees from the start using some of these same means. The project will focus on the nonfinancial means that could be used by nonprofit organizations. The project will attempt to discover the most effective nonfinancial means for employee retention in nonprofits. It is hoped that this project will identify many nonfinancial options that could be implemented by nonprofit organizations to increase the attractiveness for employees to join or remain committed to the organization. While attraction of employees is different than retention, some of the retention methods are also useful in attracting employees.

With so many nonprofits in existence, this information will be beneficial to a great number of organizations. Much of the research on the subject has already been done so the primary sources of information will be taken from scholarly and business literature. Additional information will be gathered through surveys conducted by others that will be analyzed and compared to the primary data collected for this project. The techniques used to analyze the information will depend on the types of information that is collected. The goal for this project will be to find the information already collected on the topic of retention, examine the options

and find the most effective and applicable nonfinancial means that will be beneficial to nonprofit organizations.

A qualitative method will be used to gather primary data. It is hoped that approval will be received for a corresponding research design that will include interviews at organizations including nonprofits, government agencies, and for-profits. There is concern that because of the nature of this information that it might be interpreted as somehow threatening or disruptive to the organizations daily activities. Steps will need to be taken to mitigate any concerns and consent will need to include information explaining that the interview is intended for informational purposes and does not imply that change is forthcoming.

Careful consideration during the participant selection process was done to ensure the recruitment of individuals capable of providing appropriate information for this project. It was necessary that interview participants be knowledgeable of implemented employee retention strategies personally. The interviews consisted of a set of questions regarding retention methods that worked in the organization and in the personal experience with public and nonprofit organization. The interview questions were formulated to identify utilized retention means, garner an understanding of the process of implementing strategies, and how the nonprofit evaluates the success or failure of the strategy implemented. When possible, the interview was done in person and the others were done via phone.

To obtain meaningful data, this project involved in-depth, semi structured interviews, featuring open-ended questions. The interviewing involved participants responding to pre-established questions that allowed for flexibility for the discussion to go in different directions as well (Yin, 2009). In a case study, Richardson (2014) employed semi structured interviewing to study strategies applicable to improving workplace performance. Evoking thoughts, feelings, and

emotions from participants regarding retention strategies will require rich, detailed discussion made possible through the use of semi structured interviews.

Project Framework

The framework at the center of this project will be drawn from cost benefit theory, human capital theory, and social capital theory. Collectively, these theories will provide a strong foundational framework to begin exploring the research question. Cost benefit theories emphasize that organization performance goes down as an organization sustains costs resulting from turnover (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013; Park & Shaw, 2013). Human capital theory involves the organizational costs associated with the loss of institutional knowledge when an employee leave (George, 2015; Shaw, Park, & Kim, 2013). Lastly, social capital theory relates to how social relationships shaping the organization undergo challenges when certain individuals depart (Sorenson & Rogan, 2014; George, 2015). Each of these theories will provide a useful perspective from which to pose interview questions to address the specific problem. The forthcoming literature review will provide an opportunity to expand on this framework and place the research question into context.

The conceptual frameworks, namely cost-benefit theory, human capital theory, and social capital theory provided an appropriate lens in which to conduct this project. The motivation for exploring cost-benefit theory is to show why retention should matter to leaders from a financial and economic perspective. Employee turnover can have severe implications on the consistency, quality, and stability of organizations. The cost of turnover can be significant, including a loss of institutional knowledge and relationships, productivity, as well as the added burdens on employees who must take on additional work. According to one estimate, the median cost of employee turnover is 21 percent of an employee's annual salary (Boushey & Glynn, 2012).

Another estimate raises it even higher, to 50 – 60 percent (Allen, 2008). If these issues were not enough, there is also the consideration of the increasing costs of recruitment of external hires, suggesting a solid need for effective low cost strategic retention strategies.

The human capital theory focuses on the knowledge and experience of employees as an asset. Park and Shaw (2013) revealed the correlation between turnover and organizational performance creating a competitive advantage that diminished with the loss of employees to competitors. Organizations that place minimal significance on human capital, experience observable negative effects when high performers leave (Kwon & Rupp, 2013).

The social capital theory involves relationship among employees and how employees have a connection with the organization (Sorenson & Rogan, 2014). When leaders invest in social capital within the organization, employees commit to the organization, which then helps with retention (Ellinger, Musgrove, Ellinger, Bachrach, Elmadag, and Wang, 2013).

Overview of paper

The purpose of this project is to explore strategies leaders might implement to improve employee retention and contribute to change by providing organizational leaders with strategies to increase employee retention. Attention given to employee retention may result in lower organizational costs and increased organizational performance (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013). Employee retention is a central aspect of strategic leadership as it assists the organization to better achieve its mission. Therefore, keeping high performers that have been trained and developed, is critical for the organization to define and achieve its mission and ultimately create value within the community. Sometimes the greatest barrier to an organization's success is the level of talent the organization attracts and its ability to retain them.

People want to be treated as important and to make a difference through their work.

Compensation, whether financial or nonfinancial, can demonstrate to employees that they are making a difference and that they do matter to the organization. Since nonprofits sometimes do not have large compensation packages to offer in order to attract and retain the quality of talent that they need to succeed, finding other low costs options may be extremely valuable for the nonprofit.

Chapter 2: Literature Review

This literature review is of the major concepts and theories of employee turnover and retention. It aims to show the comprehensive elements and theories of the effects of turnover and the role retention of employees plays in an organization. The focus of this project was to explore strategies leaders are implementing to improve employee retention. Therefore, a thorough review of the literature involved extensive research on the themes of turnover, retention, organizational performance and how all this relates to the nonprofit sector.

Theoretical Framework

Among the prominent theories identified in the existing turnover and retention literature were the cost-benefit theory, human capital theory, and social capital theory. These theories occasionally appear together in turnover and retention studies. For example, Hancock, Allen, Bosco, McDaniel, Pierce (2013), as well as, Park and Shaw (2013) revealed compelling support regarding the connection between turnover and organizational performance, probing each theoretical concept in meta-analytical studies.

Cost-Benefit Theory. The motivation for studying the cost-benefit theory is to focus on why retention might matter to nonprofit sector leaders from a financial and economic perspective. An employee turnover study by Alexander (1916) is an early example of the cost-benefit theory. Alexander noted the existence of similar studies as early as 1913. Alexander recognized costs related to employee turnover but emphasized managers had inadequate data about the total costs. The cost-benefit theory was initially an instrument for examining the negative effects connected with employee turnover.

A study by Levy, Joy, Ellis, Jablonski, and Karelitz (2012) emphasized that turnover cost estimates are not dependable. Levy et al.'s study similarly addressed the cost-benefit issue in

Alexander's 1916 study, referencing the inaccurate data organizations had concerning turnover costs. Levy et al.'s study largely involved the costs associated with turnover but also encompassed a discussion of the financial benefits linked with layoffs. The research of Levy et al., casts doubt on whether or not leaders have access to reliable turnover data. Although the evaluation of turnover cost information is not the objective of this project, the topic is nonetheless relevant when attempting to measure the impact of any implemented initiatives.

Human Capital Theory. Cost-benefit theorists mainly focused on the measurable effects of turnover, whereas human capital theorists focus on the knowledge and experience of employees as an asset. In a different study, Shaw, Park, and Kim (2013) point out that maintaining human capital creates a competitive advantage; the advantage diminishes with the loss of human capital as employees leave to go work for competitors. In the context of the nonprofit sector, employees may decide to go work for the public sector, which may harm the performance levels of nonprofit organizations.

Social Capital Theory. The social capital theory conceptual framework centers on the idea that social relationships built in organizations are beneficial for organizational performance. Mohr, Young, Burgess (2012) noted that when employees leave an organization, the social network experiences a breakdown in communication and organizational performance may therefore suffer. Similar to the competitive advantage concept discussed by Shaw, et al. (2013), Ellinger, Findley Musgrove, Ellinger, Bachrach, Elmadag, and Wang (2013) recognized management's investment in social capital as critical. While social capital theories usually involve relationships with coworkers, that is not always the case. Part of the interest in social capital theory is related to how employees have a connection with the organization (Sorenson & Rogan, 2014). Parzefall and Kuppelwieser (2012) while examining the relationship between

turnover and organization performance, determined that social capital has a reconciling role in the relationship. Employees can become rooted in the network of relationships within the organization which will make it less likely they will leave. Meaning that it is through social capital that organizations can encourage employees' give-and-take attitudes and behaviors that favor the employer and the organization and an employees' commitment to the organization.

Turnover Costs and Effects

Despite the extensive research on the matter of employee turnover, it still exists in a large portion of organizations throughout the world. O'Connell, Mei-Chuan (2007) viewed turnover as a serious problem having a strong bearing on the quality of services and resulting in considerable replacement and recruitment costs. Campbell and Alleyne (2002) proposed that the main problem of turnover that organizations encounter is the cost. Bryant and Allen (2013) suggested that the cost of recruiting, selecting, and training a new employee often exceeds 100 percent of the annual compensation of that position.

Garino and Martin (2005) proposed that turnover influences both the organization as well as employees. Employees experience various issues such as the need to learn new skills and organizations suffer from the costs of hiring and training new employees as well as, the loss of historical knowledge. When an employee leaves there is a loss of critical knowledge about the organization which may be an advantage to competitors. These costs may have a negative effect on the organization both financially and in terms of performance. Abdali (2011) indicated that turnover in organizations is one of the key issues which broadly influenced the overall performance of an organization. Although turnover can sometimes have a positive effect on an organization when it is of the lowest performing percentile, for the most part turnover ends up negatively effecting the organization (Yamamoto, 2011). These are some of the main reasons

why organizations need to retain employees and keep them satisfied via potential retention strategies.

Employee Retention

Despite recognizing that employee turnover is a costly issue for countless organizations, many managers still rely on gut instincts rather than proven research to retain employees. In fact, only about 17% of nonprofits have a formal retention plan (Nonprofit HR, 2014). Top performing employees are essential to an organization and there is intense competition to attract them world-wide (Yamamoto, 2011). At the same time, organizations around the globe are cutting back and reducing financial incentive programs and are in need of alternative means to retain employees (Dewhurst, Guthridge, & Mohr, 2009).

Nonprofit Employee Retention

Traditionally, nonprofit organizations have relied on the organization's mission to recruit and retain employees. A widespread belief in the nonprofit sector is that employees who are aware of and have a passion for the organizations mission, and the cause or issues the nonprofit serves, are more likely to remain with the organization. Brown, Yoshioka, & Munoz (2004) reported that the mission was an important element of retention, however, the findings suggested that the mission should be implemented along with other intrinsic factors to help diminish the effect of the apparent lower salaries. An additional study by Brown and Yoskioka (2003) similarly shows that an organization's mission is critical to retaining employees in that it "helps define an organization, expresses its values, and envisions its future simply and clearly. The mission statement often attracts clients, donors, funders, and employees to an organization" (p. 29). However, even with a strong sense of values and mission nonprofit service delivery is entering a state of crisis. The overall demands for more accountability and proof of program

results are placing more pressure on nonprofit employees, and as a result, their connection with the mission of the organization is becoming less important. The increase in accountability puts more stress on the already overloaded employee and diverts their time away from supporting the clients they passionately want to serve. Increased reporting also causes employees to feel as if they are not trusted and that their time and their jobs are not valued (Kim and Lee, 2007).

Nonprofit Barriers to Retention

Leon and Marcotte (2001) point out that nonprofit work is often difficult, physically and emotionally demanding, offers low compensation, and few opportunities for career advancement. Low compensation, substantial workloads and excessive regulations are resulting in employee unhappiness, and in turn, increased turnover. Despite the connection that employees might feel to the mission of the nonprofit organization, when their time is diverted from performing tasks that align with the mission and are reallocated to tasks such as reporting and paperwork, their job satisfaction decreases, and turnover increases (Kim and Lee, 2007).

The 2016 nonprofit employee practices survey reports that 84 percent of nonprofits do not have a formal retention strategy. Nonprofits that meaningfully invest in retention will be in a better position to attract high performers who bring substantial experience and passion for mission driven work. Since nonprofits sometimes do not have large compensation packages to offer in order to attract and retain the quality of talent that they need to succeed, finding other options can provide greater success in retaining their employees. Unlike for-profits when a nonprofit delivers extraordinary results, the sector does not capture and recycle any of that value into attracting and keeping talented employees.

Organizational Commitment

There is a positive relationship between employees' perceptions of ethical standards and organizational commitment (Chun, Shin, Choi, & Kim, 2013). Organizational commitment relates to how intensely employees identify with a workplace, get involved in activities on the job, and the level of desire to stay rather than leave the organization (Salleh, Amin, Muda, Abi, Halim, 2013). When employee commitment is low, employees' perceptions of social capital are also low (Parzefall & Kuppelwieser, 2012). Cho & Lewis (2012) suggest that leaders valuing and treating employees fairly may also influence retention rates in organizations. Employees commit to organizations when leaders use fair decision-making strategies (Bianchi & Brockner, 2012).

Nonprofit Compensation

One factor that repeatedly surfaced as a major underlying reason for the recruitment and retention problems in nonprofit organizations is the relatively low compensation. Employees in the nonprofit sector typically receive lower pay compared to their public-sector counterparts. According to the U.S. Bureau of Labor Statistics (2016) nonprofits pay employees less than any other sector that hires similarly qualified people for similar jobs and consistently ranks among the five-worst-paying professional jobs tracked. Brown and Yoshioka (2003) found that while positive attitudes toward the organization's mission was related to an employee's intention to remain with the organization, dissatisfaction with pay tended to override the intention to stay. Brown, Yoshioka, and Munoz (2004) proposed perceived salary deficiencies to be more important than mission attachment, however, mission attachment can be used as a solid tool to attract and retain employees. Bryant and Allen (2013) indicate that pay should be fair and competitive and should not be the only element of retention, further indicating that competing for talent on compensation alone is a poor retention strategy.

Compensation is consistently mentioned as a contributing factor behind turnover and the uncompetitive salaries in the nonprofit sector may partly explain why. Hansmann (1980) opines that there is a public perception that nonprofit employees should be motivated by their cause and prepared to be paid less or nothing at all. This may be a related component on keeping the nonprofit pay low in order to attract the right kind of employee (Hansmann, 1980). However, the growth of the nonprofit sector has led to increased expectations of a high-quality service and that coupled with competition for skilled workers, suggests there is a need for monetary incentives.

Another view argues that there is concern about the use of monetary rewards as they can diminish intrinsic behavioral drivers like having a passion for the issue the nonprofit serves or pride in one's work. Nonprofit employees have a high level of altruism and increasing compensation levels in the sector could lead to monetary incentives crowding out altruism and attracting the wrong kind of employee. A study by Frey (1997) argued that monetary rewards by themselves are problematic, revealing that when people are financially rewarded for goal achievement, they are more likely to engage in unethical behavior. Jobome (2006) indicated the importance of altruistic values in relation to employment in the nonprofit sector and emphasized that intrinsic rewards (achievement, recognition, and mission accomplishment) dominated monetary ones. People working in the nonprofit sector generally do so despite lower pay because they consider the task to be important.

Methods to Improve Retention

There are various factors that can be implemented to improve the retention of employees in the workplace, the following attempts to analyze different works from various authors and researchers.

Hansknecht, Rodda, and Howard (2009) indicated that retaining employees should be a key focus for organizations. Ignoring the cost of employee turnover can be very expensive and retention of key employees is important to control the high-priced cost of work disruptions and recruitment. A study by Armstrong (2014) identified strategies to retain employees, the strategies included investments in employee development and appreciation.

There are other aspects or nonfinancial means that can be used to affect employee retention. These other incentives can be just as important or even more important than salary or financial benefits in retaining employees. Jensen, McMullen, and Stark (2007) report that nonfinancial means are vital in assisting an organization to stand out as a top employer, and also for growing employee engagement. Brewster and Mayrhofer (2012) similarly stressed the importance of nonfinancial means by revealing their correlation in the improvement of an employee's job satisfaction, commitment, and performance. A study by Silverman (2004), indicated that employees give more importance to nonfinancial incentives when determining where to work and the level of commitment given to their work.

Nonfinancial incentives mostly benefit the culture of the organization and the organization's bottom line. When incentives are not based upon money, the culture of an organization tends to value recognition instead of the drive for money. A study by Dewhurst, Guthridge, Mohr (2010) found that praise from managers, leadership attention, and a chance to lead projects were just as, and in some cases, even more important than base pay. Gallop (2013) also found that selecting the right employees, developing their strengths, and enhancing their wellbeing increased employee retention.

In the domain of nonfinancial retention, Gandossy and Kao (2004) illustrates that career opportunities are one feature of effective employee retention. Day, Sammons, Stobart, and

Kington (2007) also confirm that for an employee, the opportunity to expand and grow as part of his/her employment is a feature that can satisfy and retain them for longer periods of time. A survey by Scott, Yeld, Hendry (2007) similarly stated that an employee's preference for career development opportunities was the central reason for their decision to stay with the organization for longer periods of time. Employee development plans are working documents that are essentially plans of action that are developed and actively used by both the employee and the organization. The plans are designed to assist the employee to accomplish more in the workplace and meet organizational specific goals. An effective developmental plan demonstrates the value the organization gives to its employees, absence of which could lead to frustrated employees searching for job opportunities with other organizations (Mercer & Reilly, 2006).

Another nonfinancial means that organizations can utilize to retain employees is offering learning and training opportunities (Yeo & Li, 2011). Learning and training are intended to assist employees with learning specific skills or knowledge that will improve performance in their current roles. Whereas, employee development is more expansive and focuses on the growth of the employee and future performance. Organizational learning and training opportunities are identified as a high value for employees which results in job satisfaction, commitment, and devotion to the organization (Mercer & Reilly, 2006). Furthermore, many organizations who invest in their employees consider learning and training of employees as a means of ensuring that they have the required skills and knowledge needed for the future.

Implications for Future Research

The goal of this project was to find alternative means, specifically nonfinancial, to use within a nonprofit organizational setting to retain employees. An additional focus was on attracting the right employees from the start using some of these same means. Organizational

culture and its effect on employee retention, especially in nonprofit organizations, would have been an interesting topic to look into but would have gone beyond the scope of this project. It would also be beneficial to research the difference between paid employee retention and volunteer retention since the research indicated the importance of volunteers in a nonprofit organization.

Chapter 3: Method and Findings

Many nonprofits deeply rely on their employees to deliver exceptional service but at the same time do not have the resources to compensate their employees as competitively as other organizations. Often nonprofits depend on volunteers and under compensated employees who are motivated more by the mission of the organization than by the salary and benefits (Brown & Yoshioka, 2003). However, low compensation and the reliance on mission alone, can lead to increases in employee turnover, lower employee satisfaction, and lower quality work (Menefee & Murphy, 2004). But there are other options that can be implemented to keep employee satisfaction high and turnover low. This project sought to uncover alternative and nonfinancial means that are strategic and effective for use in employee attraction and retention in the nonprofit setting.

This chapter includes a description of the process followed for identifying project participants and an outline of the interview process. Additionally, the details regarding the data collection process, and the methods employed for data analysis will be discussed.

The purpose of this project was to explore strategies leaders might implement to improve employee retention. Therefore, it was important to gather data from leaders on what is and isn't working, and their opinions of the best methods.

Research Method and Design

This project used a qualitative research method. A qualitative method was used because it allowed for an open discussion on the topic along with dialog that was essential to obtain the appropriate data. Semi-structured interviews were selected to allow participants to answer pre-established questions while also permitting open and free discussion to develop. In order to have similar data to analyze, the questions for the interview were pre-established and remained the

same for all of the interviews. The qualitative research interview by Qu and Dumay (2011) was used as a guide and assisted in the development and preparation of the interview questions.

An effective qualitative method is not complete without an analytical and critical literature review (Major & Savin-Badin, 2010). An analysis of the literature on employee retention and nonprofit incentive methods was performed. The literature revealed the important aspects already understood and became a guide for the development of the interview questions. The interview questions were based on the information identified and mentioned in previous chapters and the literature review.

The planning of the interviews involved many questions including: who to interview, how to order the questions, what questions to ask, how to record what was being said, and when to stop interviewing. Interviewing required flexible skills that ensured a rapport was created and the questions were answered objectively and fully and that the interview stayed on topic.

The guidelines and procedures followed for this project evolved from the Belmont Report. Prior to the commencement of this project mandatory training was completed. After receiving approval from the University of Richmond's Institutional Review Board (IRB), participant recruitment began.

Participants

Careful consideration was taken during the participant selection process to ensure the recruitment of individuals capable of providing appropriate data for the project. All participants for this project were leaders who have implemented employee retention strategies personally. The participants comprised of leaders including key talent management, directors, and organizational leaders that had direct knowledge of implemented employee retention strategies personally and all worked for nonprofits in the local area.

Selecting participants was based on specific criteria and reflected a purposeful sampling technique (Goodyear, 2014). Demographic identifiers such as race, gender, and ethnicity were not a consideration for the sample because the focus of the project is on strategies leaders have implemented, not on differences among the leaders personally. All participants recruited received a detailed consent form and were requested to return the signed form if interested in participating in the project.

Recruitment

All participants signed an informed consent form as a prerequisite to participating. The consent did not imply an obligation to continue with the project but conveyed to interviewees that participation is voluntary and withdrawal from the project at any time is an option. To ensure rights to withdraw were clear, participants received notice in the consent form and again verbally at the onset of the interview. According to Jacob and Furgerson (2012) allowing flexibility for participants to withdraw helps to establish trust. Knowing that establishing trust and building a rapport with participants encourages cooperation and engagement, trust was also built by describing to the participants what the project entailed and what roles were to be anticipated throughout the interview and data analysis process.

The solicitation of participants involved emailing individuals known personally or were referred by someone known personally. The body of the email contained an explanation of the project and asked them to participate. Potential participants were also informed, through the project introduction, that their participation is voluntary and that they can opt to stop the interview at any point. The consent document was attached to the email and all that agreed to participate were asked to sign the consent to participate in the project and return the signed consent document to the researcher via email.

Once the IRB was approved recruitment began. Twelve inquiries were sent out and eight responses were received. The interview was conducted in person to one individual and over the phone to four others. The questions were emailed to one of the participants prior to the interview, at their request, in order for them to be prepared with the information being discussed. Notes were taken on the interview as it happened and the interviews were recorded so that the thoughts and ideas could be analyzed at a later time. All participants were asked and agreed to the recording of the interviews, both in the consent and again verbally at the beginning of the interview.

The Interview

The interview questions were formulated to garner a rounded understanding of the process of implementing retention strategies and how leaders evaluated the success or failure of the strategy implementation. The interview consisted of eleven questions broken into three categories: employee recruitment and attraction, turnover, and employee retention. The semi-structured interviews provided an opportunity to understand how the leaders of the organization think and feel about the questions regarding employee retention. Knowing that it is important to get the participant to open up and to establish a rapport, the interview questions were ordered from easier to harder. The questions deemed to be easier to answer, such as the question asking what they find to be key motivators for people to join the organization, gave the participant the opportunity to put their best aspects forward first.

Data Collection Technique

The data collection device for the semi structured interviews was an iPad equipped with a voice to text app. The iPad is a reliable, ubiquitous recording device and was utilized for both the phone and in person interviews. Notes were taken during the interview so that the thoughts and

ideas could be recorded for further analysis at a later time. Houghton, Casey, Shaw and Murphy (2013) highlighted the benefits of notetaking for qualitative interviews. Though note taking was part of the overall data collection process, to avoid distraction and to encourage active listening, notes were minimal and taken conscientiously.

Each recorded interview file received a label according to the following naming convention: Interview 1-03062018-900AM.m4a. The first segment refers to the order of the participants from the first to the last, with the last file labeled as Interview 5. The interviews were recorded using the Simple Recorder app and then the audio files were transcribed using “voice typing” under tools in google docs. In cooperation with the University of Richmond IRB requirements for data integrity, the data collected during the interviews will remain in the password protected files until completion of the project in May 2018.

The interview was transcribed to text in order to compare results from all five of the interviews. To ensure confidentiality, all transcripts underwent redaction to eliminate any personally identifiable information. A coding system featuring unique numbers for labeling the redacted transcripts facilitated identification of interview data without compromising the confidentiality of individual participants. Each transcript has a participant number label reflecting the order in which the interview took place, such as Interview 1. The list of actual participants’ names matched with coded names is only in one location and is password protected.

Analysis of the Data

The primary method of analysis for this project was the identification of patterns and themes, via inductive analysis. Marshall and Rossman (2016) proposed that qualitative researchers use inductive analysis early and develop codes to be used for the analysis. Analysis of the interview data relied on the text of the interview transcripts and the codes reflected a

common patterns and strings of text fitting the description of the code belonging to the same thematic grouping. Coding was utilized to facilitate the identification of core concepts and themes prominent across all five interviews (Marshall & Rossman, 2016).

The data analysis process involved coding the data with respect to the conceptual framework. Codes reflected data themes relating to the cost benefit theory, human capital theory, and social capital theory. For example, if a leader discussed a strategy to improve communication in the organization, the data fell under the social capital theory code. The purpose of this was to demonstrate the relevance of the data relating to the conceptual framework identified in the literature review. Microsoft Word assisted in coding as the program allows for color coding the text.

The answers of each of the five participants interviewed were compared with the others and conclusions were reached regarding what leaders deemed as important retention methods. The conclusions of the interviewees were then matched to the literature research and implications and suggestions were then prepared.

Limitations

The major limitation for this project was the time frame allotted to complete this project. Qu and Dumay (2011) indicated that time constraints were a common concern for qualitative research endeavors. The primary concern was the time needed for recruiting participants, conducting the interviews, and transcribing, coding, and analyzing the primary data. Although this project reached its aim, because of the time limit the project was conducted only on a few nonprofit leaders that fit the criteria. It would have been beneficial to involve more participants at different levels, include both leaders and employees, and include other types of organizations other than nonprofits to identify the nonfinancial means utilized in for-profit and government

organizations. Additionally, it would have been beneficial to have had the time to delve deeper into the collected data and identify additional patterns and themes.

Findings

The purpose of the project was to explore and identify nonfinancial means that nonprofit leaders might implement to improve employee retention. The most significant finding was that leaders consistently demonstrated a desire or need to develop employees but that the methods were informal and not measured for effectiveness in retaining employees. The participants interviewed consistently maintained that the most significant retention challenges were limited financial resources to reward staff. All five of the participants interviewed revealed that this is an important topic since in their experience with their own organizations, salary is often lower than for-profit competitors and employee attraction and retention need alternative means to strengthen the attraction package and retention. The interviewees were very positive about the use of nonfinancial means and excited to find alternative ways to retain their key employees.

The literature related to employee retention shows that financial means are an important factor in an employee leaving an organization and pay should be attractive and competitive. All five of the participants interviewed had experiences consistent with these findings in the literature. They all explained that financial means are very important in regards to retention and turnover and should not be overlooked even in a nonprofit. All participants acknowledged that nonprofits pay below the scale offered by for-profit counterparts and that they have lost key talent because of the difficulty with keeping compensation high enough.

The first two questions of the interview related to employee attraction and what attracted employees to the organization and how the organization attracted them. All participants

mentioned mission attraction and other various aspects of their organization that are attractive.

None of the participants mentioned salary as a motivator.

The following table contains a brief overview of the responses to each interview question.

The first column lists the interview question, the second column captures the main topic discussed pertaining to each question.

Interview Question	Topics Discussed
1. What methods for recruiting new employees does your organization use most often? a. Have they changed in the past few years? b. If so, how and why?	Essentially utilizing free or low-cost sites, most are using Indeed, ConnectVA, or networking those known by the organization. No major changes were mentioned.
2. What do you find to be key motivators for people to join your organization?	Mission, clear connection to the mission, passion for the work, office culture, and leadership.
3. How does staff turnover affect your organization?	Financial cost - loss of recruitment and training expenses, overburdening of remaining employees, cost to the community the nonprofit is trying to assist.
4. What methods for reducing turnover has your organization applied? a. Which methods have been the most effective? b. How are you determining if the strategies are successful?	Compensation increases to be more competitive; open communication with employees to ensure they are not overwhelmed; 20% stipend to be used as a flexible benefit for staff. Longevity of staff is a measurement; none interviewed report a formal strategy.
5. When an employee leaves, do you typically perform exit interviews? a. What do departing employees tell you are the primary factors in their decision to leave?	All participants report that exit interviews are performed albeit informally. Better offer from another organization was the most reported reason for leaving.
6. What are the biggest challenges within the organization to recruitment and retention? a. What has been implemented to improve the situation?	Limited financial resources, limited or no benefits, and policy and legal restrictions. Opportunity for new projects, training to develop new skills
7. Does your organization utilize any nonfinancial means for retaining	Give gift cards out of personal funds; cultivating a positive working environment;

employees? a. Which methods have been the most effective? b. How are you determining if the strategies are successful?	flexibility of work hours; communication - checking in with employees to ensure they are not overworked; organizational transparency. No formal methods for determining if effective just longevity of employees.
8. Does your organization utilize any means to motivate employees to be high performers? a. If so, what methods have been the most effective?	Built into the organizational culture; biannual goals; meet on a monthly basis; regular staff meetings so all can come together; communication transparency; share with others about what is liked and not liked; yearly retreat where they do a big project; training curriculum. Methods are informal and not measured.
9. Does your organization show appreciation and recognition to employees for a job well done? a. If so, what methods are being used and what has been the response from employees?	Small bonus during the holidays; recognize employee with hand written note; flexibility in hours; go home early; retreat as well; no real solid plan, just do it; overall positive responses are received from employees.
10. Does your organization assist employees in career planning and development of a career path? a. How have your employees responded to these strategies?	All report that career paths or growth is limited and they always try to enhance employee skills and offer training opportunities; work hard with younger employees to try and come up with different things to empower employee and ensure they are satisfied with the work; offering new opportunities to work on different projects.

The data analysis identified four major themes: focus on employee development, with sub-themes of a lack of formal strategic retention practices, employee engagement and empowerment, employees' positive work experience, and causes of turnover.

Theme 1 - Focus on Employee Development

Each of the participants discussed employee development and ongoing training as an informal retention strategy. Employee development is recognized by many as a strategic tool for an organization's continued growth, productivity and ability to retain key employees (Kraimer, Seibert, Wayne, Liden & Bravo, 2011). Interview 1, for example, viewed the lack of growth

opportunities as an issue for the nonprofit sector as a whole and recognized the importance of providing opportunities for employees to develop new skills as essential, not only for overcoming retention challenges but also for recruitment.

- One thing that I think is hard for us here and is a struggle for many nonprofits is that there is no opportunity for advancement. We are in the mist of interviewing right now and many of the job applicants have mentioned that they are looking for opportunities for advancements and growth and there is not much that we can do about that. But over the years I have shifted my mindset on that and when new projects come up I used to take them on myself but now I look at them as new opportunities for staff to develop new skills. That is a way that I have tried to work around the lack of advancement. (Interview 1).
- We want to give employees the possibility to move up but just like many nonprofits, leadership positions are limited. (Interview 4).

This theme relates to the cost benefit theory conceptual framework and leaders should evaluate the value of training and development to ascertain the effectiveness of the program. Leaders interviewed stated affirmatively their dedication to offer training opportunities for employees to develop new skillsets as an informal means to retain them. George (2015) provided quantitative evidence suggesting that developmental opportunities for employees is essential for retention. Cascio (2014) suggested that offering continuous access to training allows organizations to promote from within, therefore institutional knowledge is not lost. Maintaining institutional knowledge is also a primary concept in the human capital theory (Shaw et al., 2013). The extent to which leaders devoted resources in the departing employee, defines the impact of the human capital loss (Shaw, Park and Kim, 2013).

A sub-theme is the lack of formal strategic retention practices. The interviews revealed that nonprofits typically implement informal and ad hoc retention practices. Informal can be described as the use of positive reinforcement without material rewards. For example, informal can consist of a simple note or verbal “thank you” to illustrate employee value and appreciation. Informal retention practices are difficult to measure and although no definitive studies were identified, it is thought that organizational retention may be enhanced. The need for more strategic and less ad hoc approaches seems clear to the leaders, they cite the lack of time to develop strategies as an obstacle. Additionally, leaders regard their working climate as being filled with burdens that do not allow them enough time for strategic thinking and long-term planning.

- I wish I had more time for conceptual work, to focus on the basics and to think through the strategies we need, but due to the day-to-day work, things are just managed as they occur. This means that we could only do strategic planning if we could hire more staff to do the everyday work. (Interview 1).

The participants all agreed that they do not want to react in an ad hoc fashion but the implementation of formal strategies requires resources that are simply not available. Participants noted struggling with the tradeoff between the strategic implementation.

- You have to balance what is good for the individual and what do I need for my organization. You have to make a decision and develop more strategically and need to arrange structures appropriately and show we are good, with something unique to offer. (Interview 3).

Theme 2 - Focus on Employee Engagement and Empowerment

Employee engagement is essentially inspiring employees to be motivated to contribute to the organization. A motivated and engaged employee, one that would identify with the mission of the nonprofit, would stay with the organization longer and work harder in their role. Employee empowerment is essentially giving employees the authority to decide goals, plans, and training. Employee development is a contributing element in employee empowerment as employees are involved in the development of learning and training goals.

Theme 2 reflects the need for leaders to invest in social capital. Interview 2 mentioned employees intrinsic needs would dictate some aspects of employee job satisfaction.

- Work culture, we are a flexible organization, it is not a strict 8:30 – 5:00 in the office. We are always trying to develop and foster a collaborative work environment. We maintain an understanding and good culture to work in environment. We also will offer public recognition among their peers, stopping by their office to say thank you, and also drafting hand-written notes to employees. It's an informal strategy that we feel helps to make employees feel engaged, like they are part of the process and have some influence in what happens, it gives them a sense of purpose and why they are coming into work. (Interview 2).

Interview 4 discussed tailoring recognition to the individual's interests.

- We are here to accomplish a mission that serves a greater good, a greater purpose, so if we can tie those efforts into something that connects to the employees on an intangible level, it reminds them why they are here in the first place. (Interview 4).

To engage an employee at work, leaders would need to know what the employee values. Participants spoke about the importance of building relationships in which employees see how their values align with the values of the organization. Interview 5 suggested that outwardly

valuing employee contributions empowers employees to affect positive change within the organization.

- We have talked to employees about what they contribute to the mission and the organization and why their contribution is important to the work and how they have added great value and I think they have walked away thinking that the work they do is worth it. (Interview 5).

The literature is saturated with studies on employee engagement and therefore it was not surprising that the topic emerged in the interviews. Vizzuso (2015) conducted a qualitative study involving employee engagement. The leaders interviewed in the study described engagement strategies they implemented and provided insight regarding employee empowerment. The main take away was that openness of communication has some influence on the extent to which employees engage in work or feel empowered. The notion of engaging employees in collaborative, social situations relates with the fundamental tenets of social capital theory (Mohr Young, & Burgess, 2012). Appelbaum, Karasek, Lapointe, & Quelch (2015) stated that organizational cultures that inspire a team collaboration environment supports employee empowerment.

Theme 3 - Focus on Employees' Positive Work Experience

All five participants specifically spoke about creating a positive work experience and culture for employees. For example, Interview 1 stated: I always want people to be as happy and satisfied in their positions as much as possible because I care about them and want them to have a positive experience. (Interview 1). Interview 4 stated “if you have a happy and content employee, I think they will stay”.

Theme 2 and 3 are not mutually exclusive, some overlap is evident. George (2015) indicates that giving employees some autonomy may contribute to a positive work experience. Theme 3 however, focuses on job satisfaction and how leaders work to ensure employee experiences are positive and organizational commitment is the outcome. Therefore, Theme 3 implies social capital theory principles similar to Theme 2.

Fostering a positive, supportive, encouraging working environment in which employee morale is high is important to employee retention and motivation. Cultivating a positive, supportive collaborative working environment was also revealed to be important to the participants.

- I think that if you are working in a positive environment you are going to be really motivated. If leaders and employees around you are up and the team spirit is positive that makes people want to come to work. (Interview 1).
- If you are motivated on the job you will stay. Sometimes it is not about the pay, if they have good morale that will cause someone to stay. (Interview 2).
- Money is not everything. It is good to have money, but you need something else, you need a work atmosphere with greater participation. I have had immediate supervisors in other positions that I have work who treated me condescendingly, the social aspect of the work climate decreases and a pay raise cannot make up for this. (Interview 5).

Theme 4 - Turnover Causes

All of participating individuals interviewed are performing exit interviews. Departing employees give reasons such as leaving for a higher paying job, better career opportunity, changes in priorities, and health issues or relocating. For example, Interview 5 stated that “retention is important from the standpoint of, you know, from a financial standpoint, nonprofits

are just limited in that area. It is just the way it is". Interview 5 indicated that employee compensation, due to funding restrictions and limited pathways, as contributing factors of turnover. In all of the interviews low pay was mentioned as a contributing factor to employee turnover. Supporting statements are as follows:

- There are no pathways to advanced positions, they are just not there. We have to like fight for anything we can get and often the money is not found and when it is available it comes with restrictions for its use. We have found that donors want their dollars to fund specific programs and not operating costs. (Interview 5).
- Not getting paid enough, when our employees are doing more than they are getting paid for (Interview 4).
- An element I think contributes to employee turnover would be the low pay. (Interview 3).
- Some aspects that can be improved would be the pay scale. (Interview 2).

The information obtained in the interviews matched the retention challenges identified in the literature such as inability to pay competitively, inability to promote or advance top performers, and excessive workloads (Nonprofit HR, 2014). What was not mentioned in the literature was relocating or health issues.

The topic of the project highlights implemented retention strategies but turnover and retention frequently appear together in the literature. All participants answered that organizational financial constraints as contributing factors for turnover. The constraints of financial limitations are not necessarily within the leader's ability to control but all participants acknowledged this issue.

The facts identified in both the research and the interviews illustrate that nonprofits traditionally have a difficult time retaining employees. This essentially comes from how

nonprofits are funded, as well as the dependence on low compensated employees who take on heavy workloads for the satisfaction of fulfilling the mission of the organization.

The information shared by the participants aligned with different points mentioned in the literature on the subject of employee retention using nonfinancial means in a nonprofit environment. The participants touched on hiring the right people from the beginning, using the mission as a strong means of attraction, as well as retention, the importance of retention, the significance of having ongoing training, informal career paths for key employees, attention and recognition from leadership and management, and the opportunity to lead projects, all as important nonfinancial means to retain employees.

Retention of key employees is an important part of a well-functioning nonprofit; however, nonprofits often lack the financial tools necessary to keep key employees. All of the leaders interviewed shared similar points of view to the literature research. Additional ideas were mentioned such as; being creative in tailoring means to individuals, treating all employees with respect and fairness, and that retention is not just one aspect that will retain employees, it is often a collection of methods.

Chapter 4: Discussion

Most nonprofits are organized differently than for-profit organizations, they have mission specific goals. Therefore, it was important to study retention from the nonprofit viewpoint. The information found in both the literature and the interviews indicated that nonprofits traditionally have a difficult time retaining employees. The findings revealed that many nonprofits have limited financial resources and depend on donations that often come with regulation or policy restrictions which are contributing factors to their retention issues. Additionally, many nonprofits depend on workers to spend long hours for less pay but for the greater personal satisfaction of fulfilling the mission of the organization.

The following implications regarding key employee retention and attraction are based off the literature and compared to the responses of the five individuals who were interviewed.

Implications for Improved Retention

The first implication in addressing turnover and retention is to focus on hiring high performers from the beginning. Although hiring right was not a major finding from the interviews, because of the unique nature of nonprofits it was determined to be an important implication to address. Finding those who have the right fit for the organization and who have a passion for mission driven work will help in retaining the employee long-term. Identifying potential employees that have a passion for the organization's mission would require having large sources of candidates who fit the organizational core competencies and have a passion for the issues organization serves. This implication matches the literature results that indicate that organizational commitment relates to how intensely employees identify with a workplace (Salleh, Amin, Muda, Abi, Halim, 2013) and how positive attitudes toward the organization's

mission was related to an employee's desire to remain with the organization (Brown & Yoshioka, 2003).

Hiring Right. The literature showed the importance of hiring the right people from the beginning as being key to a successful organization and more specifically to retention. It is important in a nonprofit to hire people who realize that they are working to help the mission and not working there to be highly paid. Finding the right applicant will assist in gathering a superior team who will work well together and want to be part of the organization for what the organization can offer to the community. If the high performer is motivated by the mission of the organization and fits well with the job, they will likely be engaged and have high job satisfaction, which has the potential to lead to longer retention.

Many nonprofits use online sources to find key employees, which was a finding revealed by the majority of the leaders interviewed. While recruiting online gathers a group of applicants there are other means to search for applicants. A suggestion would be to find universities and colleges that have students who would fit the organizational mission of the nonprofit. These universities can become sources of highly talented individuals who could fill open positions. Going to colleges or universities to promote the openings would help create relationships with large sources of potential employees. Having a large source of employees would provide a steady stream of replacement candidates and also allow the nonprofit to be more selective in who they hire.

Nonfinancial Retention

Once the high performing employees are chosen, it should then be the goal of the nonprofit to keep them as long as possible. According to the participants, developing employees is a crucial practice found to be a contributing factor in retaining employees. The nonprofits

interviewed noted that they offer training and skill development but report that these are informal measures and are not measured or evaluated for effectiveness. The lesson learned was employee development is not to the leaders' benefit, but to the benefit of the employee and the organization. The literature maintained that employees will often remain devoted to an employer when they feel training and development is a priority (Day, Sammons, Stobart, & Kington, 2007; Scott, Yeld, Hendry, 2007; Mercer & Reilly, 2006). Organizations with high retention rates feature continuous employee development opportunities (George, 2015). Ongoing training and skill growth is a career development means that is often mentioned by the literature as an effective way to retain employees (Olenski, 2015; Yamamoto, 2011). Ongoing training is also mentioned in the literature as an effective nonfinancial means of retention (Yeo & Li, 2011). Therefore, leaders seeking to increase retention rates should incorporate meaningful development programs in employee job functions.

All of the participants mentioned the importance of employee development and the lack of growth opportunities was noted as an issue for the nonprofit sector as a whole. High performers will not be satisfied for long if there is no encouragement and growth and they may not apply in the first place. Providing employees with a set of goals to improve their skills and a path to advance, would benefit both the employee and the nonprofit. A career development plan would assist with guiding and pointing key employees in the right direction toward advancement. Limited advancement was stated in interview 1 and 4. Providing opportunities for career development would show employees that the nonprofit cares about how important they are to the mission and that the nonprofit has spent time and resources to find a career path for them beyond the specific job function they are currently working on. Interview 2 spoke about valuing employee contributions. A career development plan shows employees that the nonprofit cares

about each person's greatest good, which will develop a stronger relationship between the organization and the employee. By creating a culture of ongoing training and using motivators for improving employee skill sets, in light of career advancement opportunities, has the potential to assist employees in wanting to stay with the nonprofit long term. Promoting, measuring, and evaluating these strategies for effectiveness is also important and a vital component of offering training and skill development for employees.

Career Development

While all of the participants recognized the importance of employee development in retaining employees they also noted that the strategies were informal and ad hoc. The participants made it clear that implementation of a formal career development strategy in the nonprofit workplace is challenging. Among the most notable impediments to strategy implementation were a lack of financial resources and lack of time to develop strategies. Cost-benefit considerations were evident as leaders expressed how they must evaluate the effectiveness of particular strategies.

The literature indicates that career development could be implanted within nonprofits as one component of a comprehensive strategy meant to build employee engagement, enhance competitive advantage, reduce employee turnover and increase retention (Hong, Hoa, Kimar, Ramedran, & Kadiresan, 2012; Jensen, McMullen, & Stark, 2007). For career development strategies to have a measurable impact on a bottom line, they would need to be clear, consistent, and offer administrators, employees, and managers continuing value (Siew Inn, & Crowell, 2015). Any successful career development effort begins with a thorough needs assessment, includes continuous evaluation processes, links to strategic objectives, and would require the involvement of managers, supervisors, and employees in the design (Derven, 2015). Engaging

employees in collaborative situations relates to the social capital theory mentioned in the literature.

Establishment of a Career Development Model

A career development strategy would essentially be a self-initiated process with support and resources provided by supervisors, managers, and human resources. Career development strategies would need to include both individual and institutional processes. The institutional structure of a career plan should provide a road map that clarifies positions and the interrelationships between these positions, as well as the relevant abilities and skills necessary to fill them. These would have to be developed within the individual nonprofit environment and include the identification of various skill sets and how they relate to different roles within the nonprofit. Additionally, organizational career management strategies would need to be established that include mechanisms that enable people to navigate these road maps (Siew Inn, & Crowell, 2015).

Career development is a two-way street on which the employer and employee need to travel together. This shared responsibility to look for growth opportunities would require regular performance conversations. During these conversations, employees would have the opportunity to bring up their professional aspirations, as well as their ideas for how they can reach their goal. With minimal effort this could be incorporated into an annual review process practiced by most nonprofits and could allow for the addition of quarterly updates to review an employees' progress towards their goals.

Action Steps of Career Development

Within the scope of career development processes, employees would plan their own careers whereas the nonprofit would assist in the management and support of the employees'

career growth. Career planning by an individual includes several action steps, while the action steps of the nonprofit includes recruitment and selection, appraisal and evaluation, and training and development. The nonprofits interviewed are already providing opportunities for training and would just need to modify their benefit programs promoting the program and assisting employees with growth and development opportunities. The YMCA has a great model that could be tailored to create a similar structure for other nonprofits. Appendix A and B are samples of the model.

Individual development plans (IDPs) can provide an outline to ensure that employee satisfaction and long-term retention are mutually achieved. A comprehensive system of IDPs will essentially link employees and the nonprofit together in pursuit of shared goals for engagement, empowerment, development, and retention. IDPs are a four-step process that includes: alignment between individual and nonprofit goals, identification of specific development opportunities of focus for the year ahead and the specific steps to accomplish them, evaluation of progress toward goals, and obtained support from management (Asinoff, 2016).

The development plan should focus on short, medium, and long-term goals that employees can set for themselves. The goals aligned with the shorter timeframe would directly relate to the employees' current position and how he or she can grow professionally within the current or related role. Reviewing this plan regularly during the nonprofit's annual review process would assist employees in improving personally and also provide multiple opportunities for supervisors to see what employees want to get out of their individual career goals and aspirations. Appendix C is a modified Individual Development form that would be completed by employees. Worksheets can also be used to assist employees in gathering information to achieve

a solid understanding of their current and future developmental goals. Appendix D is a sample of self-assessment worksheets that could be used in the individual development processes.

The development and implementation of a career development strategy would offer both intangible and tangible benefits. Intangible benefits are hard to measure but are important to the organization. These include increased employee satisfaction, a stronger learning culture, and a more positive and supportive work environment (Phillips & Phillips, 2009). Intangible benefits can often be uncovered during a needs assessment, though exit interviews, or five-point scale surveys. Tangible benefits are monetary benefits and include a reduction in employee turnover and increased productivity. It would be valuable for nonprofits to implement a system that measures both tangible and intangible benefits and to have that information readily available. It will be important to measure increased employee satisfaction, a stronger learning culture, and a more positive and supportive work environment. Conducting a needs assessment, exit interviews, or five-point scale surveys should identify these intangible benefits. It will also be critical to identify and track the costs associated with employee turnover and retention to identify the monetary value of these suggested strategies.

Conclusion

A visible career development strategy with support mechanisms in place that provide career pathways, will greatly assist nonprofits in retaining high performing employees and assist employees in meeting their desired growth needs, which will in turn benefit the nonprofit and the community it serves. Retaining employees in the nonprofit sector workplace is critical for maintaining organizational knowledge, conserving fiscal resources, and optimizing organizational performance. Many people rely on nonprofit organizations and the majority of these organizations rely on donors for funding.

While the focus of these implications is on creating retention strategies, it also needs to be recognized that turnover in a small nonprofit is inevitable. Creating a more effective and measurable nonfinancial retention plan will lead to employee development, which may lead these same employees to seek better positions in the future. These advancement opportunities cannot always be offered in small nonprofits but helping employees improve themselves, helps them to develop additional skills, provides proof that the organization cares about them, and shows them the importance of their contribution. All of which should work to counteract the worst effects of employee turnover.

Creating a career development plan can help the organization to see when/if an employee plans to leave for additional responsibilities. Knowing when an employee intends to exit can assist the organization in succession planning and save the organization money and work loss. When the organization is prepared ahead of time, they can search for replacements, train current staff to be promoted and avoid the costly loss of time training new employees. Recognizing that there will be turnover and preventing the worst aspects of it is an important part of retention planning. By creating a career development strategy, nonprofits can replace their departing employees at lower costs and with better work production. It can also find the right employees who will find a personal mission in their work and remain in spite of the lower salary.

By finding the right employee that fits the organization and then treating those individuals well through a balance of financial and nonfinancial means, the organization will find more individuals who will make the nonprofit a long-term career. By identifying with the mission of the organization and feeling fully supported in all aspects of their job by the nonprofit itself, employees may find the work they do to be a higher calling or personal mission.

These suggestions, based on the literature and the interviews can assist nonprofits to improve employee retention, reduce the harsh effects of turnover, and improve employee skills in relation to the nonprofits specific needs. These suggestions do not cost the organization much more than what they are already doing and a little time and effort. In the long run the improved employee morale and reduction in costs related to turnover and retention, will be worth the extra time spend on developing these strategies.

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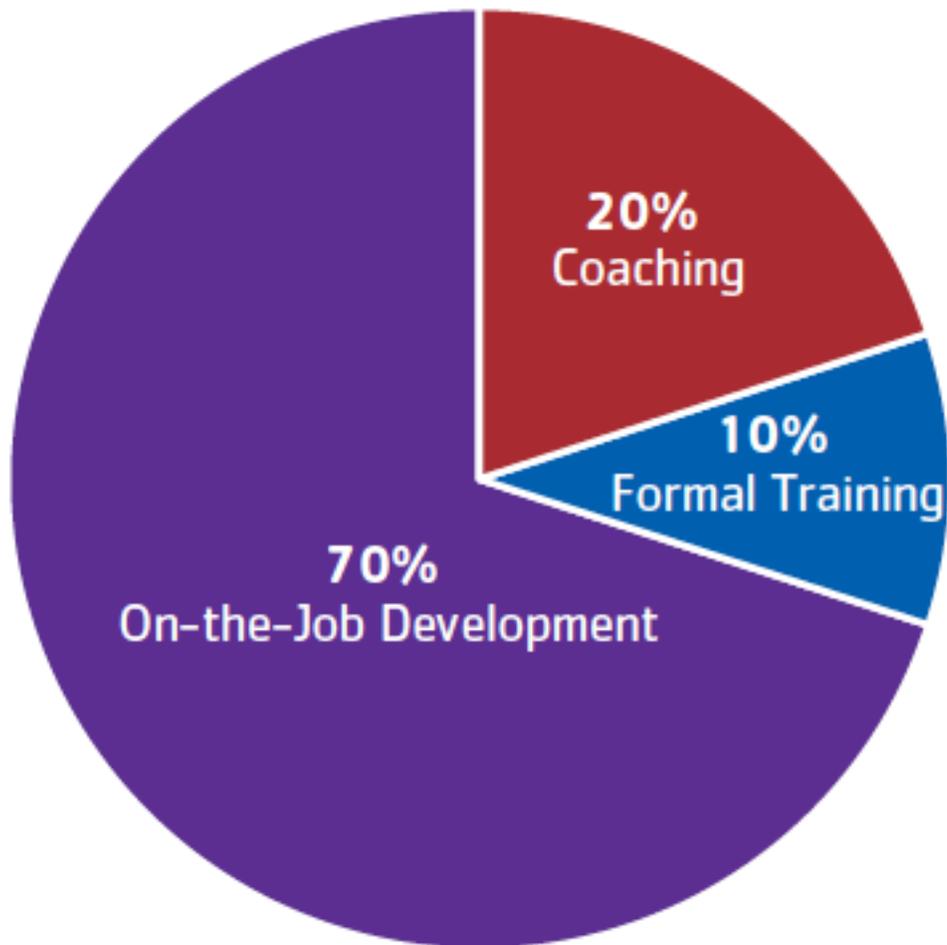
Appendix A



(Competency Development Guide, 2013)

Appendix B

70/20/10 Learning Model



(Competency Development Guide, 2013)

Appendix C

Individual Development Plan

Name: _____ Position: _____

Department: _____ Supervisor: _____

Date:

Goals To be achieved (from performance plan)	Skills or Competencies To be learned or acquired	Resources What is needed (money, time, etc.)	Activities Possible learning opportunities to try	Status (Start/Completed Results)
Short-range Critical within present position (1 Year)				
Mid-range Important for growth within present position (2 Years)				
Long-range Helpful for achieving career goals (3-5 Years)				

(Career Development, 2016)

Appendix D

Self-Assessment Worksheets

An individual development plan will help improve or maintain current level of success and prepare individual for future opportunities. Can include both personal and career goals in a single plan or create a separate plan for each of the key areas. Be sure to revisit plan(s) at least once every six months to ensure goals are aligned with any changes.

This template includes sections for the following process:

1. Assess your current state.
2. Identify areas of opportunities.
3. Skills and experience needs.
4. Develop your action plan.

Assess Your Current State

List your top five skills (things that you do well):

1. Example—Knowledge of accounting
- 2.
- 3.
- 4.
- 5.

List the five values most important to you:

1. Example—Feeling what I do is important
- 2.
- 3.
- 4.
- 5.

List your top five strengths:

(To validate your list, ask yourself if family, friends or coworkers would agree?)

1. Example—Thinking strategically—noted on annual performance review
- 2.
- 3.
- 4.
- 5.

List your five areas that most need improvement:

(To validate your list, ask yourself if family, friends or coworkers would agree?)

1. Example—Meeting deadlines—manager worries about my timeliness
- 2.
- 3.
- 4.
- 5.

List five priority interests:

1. Example—Human Resource Management
- 2.
- 3.
- 4.
- 5.

List five priority wants:

1. Example—Increased salary
- 2.
- 3.
- 4.
- 5.

Identify Areas of Opportunities**Where is your department headed?**

Example—Greater efficiency, accomplish more with less effort

Where is your organization headed?

Example—Process streamlines to increase growth

What areas do your friends and colleagues see as opportunities?

1. Example—Project management—Jerry Jones, similar position as you
- 2.
- 3.
- 4.
- 5.

What jobs or areas of interest look exciting and/or filled with potential?**How can you learn more?**

1. Example—Business Manager—Job shadow Jane Doe, Business Manager to learn more about administration.
- 2.
- 3.
- 4.
- 5.

Skills and Experience Needs

Based on the previous sections, which skills would be most helpful to my individual and career growth?

1. Example—Management skills and abilities
2. Example—Learning more about how to . . .
- 3.
- 4.
- 5.

Develop Your Action Plan

Based on the previous sections, list five key goals. Goals are longer-term aims, more general than objectives. They may take a year or more to achieve. Rather than limit yourself with narrow goals like moving from Assistant to Manager, expand the possibilities and make your goal moving from Assistant to management.

(If you're unsure which area(s) you want to pursue, use the previous sections with blanks or general responses, to create your list. In this case, your goals are to gain greater clarity about which areas of potential opportunities or interests you want to focus on in the next year or two.)

List five key goals:

1. Example—Move into management
- 2.
- 3.
- 4.
- 5.

Objectives are specific actions that support your larger goals. Choose objectives that will have the greatest impact on achieving your goals. Use the SMART system to define them:

- Specific—can you clearly define the objective you want to accomplish?
- Measurable—how will you know when it's complete?
- Attainable—is it realistic, based on your current skills and experience?
- Relevant—how does it directly contribute to the goal you're pursuing?
- Time frame—can you accomplish it within a reasonable time period?

Complete the plan below. Review regularly to maintain progress on achieving your goals.

(NAME) – (Year) INDIVIDUAL DEVELOPMENT PLAN					
Specific Objective	Measurement	Attainable	Relevance	Time Frame	Achieved ? Y/N
Example: Take a Project Management Fundamentals Class.	Attend all sessions and complete all assignments. Receive certificate.	Yes, with support of family members to be away for evening classes.	PM Certificate directly supports my goal of being qualified for a job in management.	5-week class, May/June time frame	
Example: Job shadow Jane Doe, Business Manager for a day.	Follow a full day of Jane's activities.	Yes, with permission from supervisor to spend a day away from my regular work.	Gain insight into what a business manager does and what skills are needed.	Set up a day this week. Complete next week.	

(Xerox Office Products, 2014)