

Baruch College School of Public Affairs

Center for Nonprofit Strategy and Management

NONPROFIT WORKFORCE FOR THE 21ST CENTURY

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CONFERENCE POINTS

Demographic pressures on the nonprofit sector are projected to grow over the next decades:

- The upcoming retirements of Baby Boomers will produce executive turnover and leadership vacancies (Birdsell & Muzzio, 2003); 75% of executives are expected “to leave their jobs within the next five years” (Bell, et al., 2006)
- The relatively smaller Generation X and Y populations follow on the heels of the Boomers, creating a significant leadership gap (Halpern, 2006)
- The U.S. population in general is increasingly racially and ethnically diverse, yet the “current cohort of [nonprofit] executives is overwhelmingly white” (Bell, et al.)

The number, size, scope, and complexity of nonprofits have increased:

- The competition has led to a “war for talent” (Chambers, 1998; Tierney, 2006)
- More specialized skills in executives, managers, and line staff are now required (Tierney)
- Nonprofits tend to lack human resources intermediaries and have limited resources, experience, and access to talent for recruitment (Tierney)
- The growth in the sector, as well as the economic slowdown, has also led to competition for funds, making recruitment and retention even more difficult (Tierney)

Due to these sector drivers, the need to identify new workers has become urgent.

Potential labor supply populations include:

- Young Professionals/Next Generation Leaders – “individuals under the age of 40 who can be tapped to lead nonprofit organizations in the years and decades to come” (Grantmakers for Effective Organizations, 2008)
- Sector Shifters – “people at the mid-point of their professional lives [who] are thinking about “repotting” themselves” (Tierney)
- Retirees/Baby Boomers – “half of all adults age 50 to 70... aspire to work in seven areas that combine the seriousness, income, and other benefits associated with work with the desire to contribute to the greater good” (MetLife Foundation/Civic Ventures, 2006)
- Racial and ethnic minorities and women – “To the extent that tomorrow’s nonprofit leaders mirror the communities they serve (in terms of race, ethnicity, gender and sexual orientation), they and their organizations will be more effective” (Grantmakers for Effective Organizations)

Barriers to recruitment and retention into the sector need to be addressed:

- Long hours, low pay, low cachet in NP sector compared to other sectors (Cornelius, et. al., 2008; Halpern; Kunreuther & Corvington, 2007)
- Educational debt burden (Ballard, 2005)
- Current organizational structures and leadership models (Kunreuther & Corvington)
- Feeling stifled, invisible and unappreciated, possibly due to having different experiences and backgrounds from an organizations’ leaders (Kunreuther & Corvington)
- Gaps in linkages between entry level, management, and executive positions (Kunreuther & Corvington)
- External recruiting, with expensive executive searches, may be required (Tierney)

Possible solutions suggested by leaders in the nonprofit sector (*Passing the torch*, 2006):

- Adopt a national infrastructure to recruit and develop potential leaders for the NP sector
- Define a specific skill set and leadership qualities essential for success in the NP sector
- Support academic programs and continuing research on the NP workforce
- Foster intergenerational mentoring and leadership teams
- Restructure organizations and positions to focus on work-life balance
- Identify the benefits of the executive position and communicate them to successors
- Enhance management rewards to retain and attract top talent
- Create innovative job positions (e.g., part time management, job sharing)
- Invest in leadership capacity (e.g., skills building, performance reviews, training)
- Institute a comprehensive approach to changing an organization's culture (e.g., create diversity committees, engage in needs assessments, develop actionable plans)

In addition, there is “a need for professional programs for executive development and succession planning” (Birdsell & Muzzio); targeted education programs are effective in reaching potential leaders working in nonprofit organizations (Birdsell & Ruecker, 2006).

References

- Ballard, A. (2005, Spring). *Understanding the next generation of nonprofit employees: The impact of educational debt*. The Building Movement Project.
- Bell, J., Moyers, R., and Wolfred, T. (2006). *Daring to lead*. CompassPoint Nonprofit Services & Meyer Foundation.
- Birdsell, D. S. and Muzzio, D. (2003, October 23). *The next leaders: UWNYP grantee leadership development and succession management needs*. United Way of New York City and Baruch College School of Public Affairs.
- Birdsell, D., Ruecker, A. (2006). *Community partnerships in executive education: Opening the umbrella*. Baruch College School of Public Affairs/CUNY.
- Chambers, E. G., Foulon, M., Handfield-Jones, H., Hankin, S.M. and Michaels, E.G. (1998). The war for talent. *The McKinsey Quarterly*, 3, 44-57.
- Cornelius, M., Corvington, P., and Ruesga, A. (2008). *Ready to lead? Next generation leaders speak out*. CompassPoint Nonprofit Services, The Annie E. Casey Foundation, the Meyer Foundation, and Idealist.org.
- Grantmakers for Effective Organizations. (2008). *Supporting next-generation leadership*.
- Halpern, R. P. (2006, May). *Workforce issues in the nonprofit sector: Generational leadership change and diversity*. American Humanics.
- Kunreuther, F. and Corvington, P. A. (2007). *Next shift: Beyond the nonprofit leadership crisis. Generational Monograph Series*. Annie E. Casey Foundation.
- MetLife Foundation/Civic Ventures. (2005). *New face of work survey*.
- Passing the torch: A summary of the 2006 Philanthropy Summit*. (2006). Convened by the Center on Philanthropy at Indiana University.
- Tierney, T. J. (2006, March). *The nonprofit sector's leadership deficit*. The Bridgespan Group.
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Annotated Bibliography

Ballard, A. (2005, Spring). *Understanding the next generation of nonprofit employees: The impact of educational debt*. The Building Movement Project.

Recent college graduates in the nonprofit workforce, according to this study, "are struggling to meet growing financial responsibilities with significantly lower salaries than their classmates entering the private sector or government" due in large part to educational debt. While "findings suggest that younger workers are drawn to the sector for nonmonetary rewards and are fairly unresponsive to changes in financial circumstances[,] it " raises concerns about the retention of younger workers."

Bell, J., Moyers, R., and Wolfred, T. (2006). *Daring to lead*. CompassPoint Nonprofit Services & Meyer Foundation.

This national survey of nonprofit executive leadership finds that three-quarters of executive directors plan to leave their position within five years. The report identifies "[f]rustrations with boards of directors and institutional funders, lack of management and administrative support, and below-market compensation" as the primary challenges executive directors face.

Birdsell, D. S. and Muzzio, D. (2003, October 23). *The next leaders: UWNYPC grantee leadership development and succession management needs*. United Way of New York City and Baruch College School of Public Affairs.

This study of New York City nonprofit executive directors, board members, and pipeline leaders assesses "the sector's present succession management planning and executive development activity." Findings "confirmed that the nonprofit sector in New York can expect a massive leadership transition over the next five years" and that there is "a need for professional programs for executive development and succession planning," although the cost of such training is an obstacle.

Birdsell, D., Ruecker, A. (2006). *Community partnerships in executive education: Opening the umbrella*. Baruch College School of Public Affairs/CUNY.

Cornelius, M., Corvington, P., and Ruesga, A. (2008). *Ready to lead? Next generation leaders speak out*. CompassPoint Nonprofit Services, The Annie E. Casey Foundation, the Meyer Foundation, and Idealist.org.

Indicators of nonprofit sector strengths that attract young professionals, barriers to entry, and subgroup profiles, are identified in illuminating detail.

Grantmakers for Effective Organizations. (2008). *Supporting next-generation leadership*.

The report examines the key issues nonprofit grantees should address in attracting and retaining next-generation leaders, including "reasonable salaries.... [and] jobs that balance work and life."

Halpern, R. P. (2006, May). *Workforce issues in the nonprofit sector: Generational leadership change and diversity*. American Humanics.

This paper "provides relevant, general insights into the current state of the nonprofit workforce, especially insights related to executive turnover, diversity, and the next generation of nonprofit employees."

Kunreuther, F. (2005). *Up next: Generation change and the leadership of nonprofit organizations*. Executive Transitions Monograph Series. Volume 4. The Annie E. Casey Foundation.

By exploring the impact of recent social change movements in the US, this report creates a useful frame for discussing generational change in nonprofit leadership.

Kunreuther, F. and Corvington, P. A. (2007). *Next shift: Beyond the nonprofit leadership crisis*. Generational Monograph Series. Annie E. Casey Foundation.

The authors argue that the NP sector should focus on improving organizational structures as a way to attract young professionals and identifying and supporting "younger staff members interested in becoming the sector's new leaders."

MetLife Foundation/Civic Ventures. (2005). *New face of work survey*.

The survey provides a window into "the pre-boomers and leading-edge boomers' priorities for the next stage of work, and offer heartening indications of what might well be a win-win opportunity of staggering proportions."

Pascal-Joiner, S. (2008). *The Idealist Guide to Nonprofit Careers for Sector Switchers. Action Without Borders*. (Portland, OR). Via the web site: <http://www.idealists.org/sectorswitcher>

This recently-published book introduces and demystifies the nonprofit sector for those on a "nonlinear career path."

Passing the torch: A summary of the 2006 Philanthropy Summit. (2006). Convened by the Center on Philanthropy at Indiana University.

A summary of the many leadership development presentations and ideas; topics include identifying skills required for effective leadership and aligning institutions with changing demographics.

Tierney, T. J. (2006, March). *The nonprofit sector's leadership deficit*. The Bridgespan Group.

This article describes the nonprofit workforce in 2016 – a landscape of "both constrained supply and increasing demand" -- and proposes thoughtful solutions.