Voluntary Staff Turnover

Erica stevia B. Inkale

Northern Illinois University, z1873274@students.niu.edu

Follow this and additional works at: https://huskiecommons.lib.niu.edu/ctrnonprofit-studentprojects

Recommended Citation

Inkale, Erica stevia B., "Voluntary Staff Turnover" (2024). Student Capstone Projects. 22.
https://huskiecommons.lib.niu.edu/ctrnonprofit-studentprojects/22

This Student Project is brought to you for free and open access by the Center for Nonprofit and NGO Studies at Huskie Commons. It has been accepted for inclusion in Student Capstone Projects by an authorized administrator of Huskie Commons. For more information, please contact jschumacher@niu.edu.
VOLUNTARY STAFF TURNOVER: The impact of Voluntary Staff Turnover in Nonprofit Organizations

Erica Stevia B. Inkale
NNGO 495
Northern Illinois University
4/26/2024
ABSTRACT

The growing increase in voluntary staff turnover has raised alarming concerns to executive directors of nonprofit organizations, and the community at large. This paper examines the factors that lead to such an increase in nonprofit organizations in the Rockford area, similar studies have been done, examining problems pertaining to the third sector in the United State, yet very few studies have been done examining the third sector in the Rockford Area. Competitive wages and growth opportunities are increasingly leading employees to move to private, public and government sectors. This paper discusses patterns of unresolved issues that need to be addressed in hopes of coming to the long-awaited solutions for the betterment of our communities, such as conducting market rate study with subsequent wage adjustments, enhancing H.R visibility in the agencies, and implementing wellness initiative. This study used both qualitative and quantitative methods. Surveys were sent out to managers, H.R, department directors and executive directors, and interviews were conducted with nonmanagerial staff and volunteers. Our results show a correlation between competition in wages, growth opportunity and staff turnover. We will discuss in detail the impact and effectiveness of different leadership methods on employee productivity and retention, such as top to bottom or bottom-up leadership style, servant leadership method and transparency from organizations’ leaders.

INTRODUCTION

There are estimates of 1,612 organizations in the greater Rockford-metro area, ranging from religious to secular organizations. Combined, these Rockford metro nonprofits employ 19,714 people, earn more than $2 billion in revenue each year, and have assets of $5 billion, as
stated by the (Nonprofits, n.d.). According to a national survey conducted by the (National Council of Nonprogits, n.d.), “Illinois Human Service Organizations experience high levels of employee turnover. The voluntary rate was 9%. Across the sample, nearly 27% of full-time employees worked for one year or less while 22% were employed between one or two years.”

Nonprofit organizations are meant to fill the gap between the for-profit sector and government, but what about the gaps within nonprofit organizations? Historical patterns reveal that the demands for the services nonprofits provide keep rising, but the resources needed to meet those needs aren’t keeping pace. New programs are added, the responsibilities increase and so does the stress and burnout. Another issue to consider is how hard and how long it takes for employees to move to higher positions in the organization. Of course, there are also many benefits in working in the nonprofit sector, such as flexibility with schedules, good benefits, and paid time off, satisfaction, working for a cause and great mission and serving your community is the most rewarding thing anyone can do. However, despite the various benefits one can receive, as a nonprofit employee, it remains to know what the reasons are for several NGO employees to leave the sector to go to government or for-profit companies. Is it the lack of resources? If it is, what can be done to improve employee growth and retention rate in the nonprofit sector?

The population targeted for this case study is nonprofit employees in the Greater Rockford area and Winnebago county. I used primary data by conducting interviews with several different organizations’ representatives. Had them examine their own retention rate and asked them in-depth questions about what they are doing to improve their employee’s growth and employee turnover. I also used secondary data to compare and contrast to see if there is a consistent pattern in turnover across the sector. The goal is to know if most of the employees who no longer work for the organization left because they were fired, if they were let go, or left
on their own terms, and if their workload, position or pay have anything to do with their departure. We seek to know what patterns each organization is noticing about their employee’s growth and retention. We will be looking at the size of each organization, as well as their revenues.

**Literature Review**

The nonprofit sector went from being known just as a charitable, benevolent institution, to being known as a career sector. Like every sector, most organizations experience some level of turnover, with turnover being defined as the termination of an individual’s employment or otherwise choosing to exit the organization. As mentioned above, there are several ways employees exit the organization. When employees quit, are fired, laid off, or retire. The most problematic of them all is voluntary turnover when employees personally decide to leave the organization, which is the focus of our study, it is the most problematic because it is most costly for organizations and disturbs organizations’ functions. In order to understand some of the patterns visibly noticed in nonprofit organizations in the Rockford area, our research will look first for similar patterns which could be found in the sector in the country as a whole.

The finding of this research will not only help future nonprofit professionals understand the sector better and be more prepared when entering the job market. But it will also help organizations grow and improve where they are lacking and prevent them from closing. It is no secret that lack of funding and reduced monetary resources is one of the main problems of NGOs. Studies have shown that voluntary turnover can be costly for nonprofit organizations, especially Human Services organizations since the organization has to bear the cost of replacing the exiting employee. For many human service nonprofits that operate with tight resources bases,
this kind of expenditure could challenge the organization’s financial performance. And organizational performance in general. (Sally Coleman Selden & Jessica E. Sowa, 2015).

**Effect of Burnout and low pay on employee turnover.** The three leading factors affecting recruitment and retention in Illinois are salary competition, stress/burnout, and budget constraints/insufficient funds. Although this is true for Illinois, it is also true for organizations throughout the country. Survey participants also pointed to challenges caused by government grants and contracts and a lack of childcare as reasons they cannot operate at full capacity. (Illinois Nonprofit Workforce 2023).

To continue on the topic of employee exiting organizations, it is important to understand that Human Service professionals play an essential role in creating more stable and vibrant communities, their departures create an imbalance in the organization, the work encompassed by open positions must be adopted by others in the organization. Client demand is not going to diminish, and services simply cannot be reduced when employees leave. (Sally Coleman Selden & Jessica E. Sowa, 2015). The other employees in the organization have to take on more responsibilities, regardless of the fact that they may already be experiencing workload challenges, which leads to performance decline, and it takes longer to link clients to appropriate services without the staff to coordinate referrals. The performance decline is not just experienced by individuals but departments and organizations as a whole. When employees are stressed, burned out and underpaid, it affects their mental, physical, and emotional wellbeing. They can become easily irritable; it creates a negative work environment for everyone and eventually leads to more employees quitting. To rectify this unbalance, human service professionals must be paid adequately, for that to happen human service organizations must be funded appropriately.
Low pay and the subsequent loss of staff and employee turnover are significant challenges facing the sector. For human service professionals in Illinois to continue undertaking one of our biggest social responsibilities, it is imperative that we understand a connection between low pay and high employee turnover rates in the human services industry. (Relationship between Low pay and turnover. Illinois Partners 2024). Unfortunately, the unstable nature of funding in the nonprofit sector pauses a challenge to employers who want to provide adequate rewards and resources as often as they would like to, to their employees for the work well done, such as bonuses and pay increase or enough funding to hire more staff, especially if the organization is only donor based. It is essential for nonprofit organizations to not hesitate to create a bigger budget for direct labor costs in their grant proposal, and create an investment portfolio, get diversified income to leverage resources. Employees are the most important assets in any business entity, without them there will be no program and no community served.

**Work Environment and Involvement.** One can never stress enough the importance of a positive work environment. The work environment is one of the key leading factors affecting employee turnover, despite having a great mission, if an organization does not have a positive culture, staff will easily be discouraged and lose motivation. The nature of employee relations and the work environment will influence whether employees remain or leave an organization. When organizations lack transparency, fail to consider employees’ input, concern, and rarely involve them in the decision-making process, employees feel undervalued, unheard, and disrespected. Employees are forefront soldiers in this field, they are the ones providing the services and building relationships with the communities, their inputs are vital to organizations’ growth.
Involving staff members in decisions improves productivity and staff retention. (Hung, Dorothy 2006). When the relationship between leaders and employees is of high quality, meaning there is an established trust, respect, self-awareness, inclusion, and open communication, employees are given greater decisional latitude and provided with more opportunities, employees are able to make meaningful contributions to the organization and society and increases their understanding of their role within the organization. Hence it can enhance their experiences meaningfulness at work. In a work setting, inadequacy can occur when workers are not able to understand the complex system of goals in the organization and its relationship to their own work. (Tummers, Lars G, and Evans Knies, 2013). Furthermore, part of creating a positive work environment is speaking positivity over your staff. Motivational messaging creates unity, improves communication between management and staff, motivates the workforce, allows staff to see the more human side of managers, and supports a positive work experience. (Brohl, Kathryn, 2008).

**Training and Promotion.** Another component of work meaningfulness is employee growth. Lack of opportunity for upward mobility and career growth is the leading factor for increase in voluntary staff turnover in the nonprofit sector. Often, employees leave when they feel as if they are no longer growing and there is no room for growth opportunity within the organization. Staff members are also concerned about career opportunities, does the organization have promotion opportunities, how often do people get promoted in the organization, what does it take? Are they receiving continuous training that is adding to their skills and would allow them to soar higher? These are all valid concerns that can affect staff turnover. Unfortunately, out of all the business sectors, nonprofit struggles the most with this problem.
Procedure and Findings. This study was based on first and secondary data research. For the first data collection, the research used convenience sampling framework, focused mainly on different nonprofit organizations in the Rockford area, in Winnebago County. Surveys were sent out to managerial staff and Directors, which include supervisors, managers, H.R, department Directors and Executive Directors. Then interviews were conducted with non-managerial staff. Eight participants filled out the survey and three in person interviews were conducted with current nonprofit employees and one former nonprofit employee. It was important to collect data from different level staff to have a better understanding of how different staff experience the effect of voluntary staff turnover, managers and directors work more with staff and deal with a lot of administrative responsibilities, while non-managerial staff and volunteer work directly with the community the organization serves.

Interview questions were as follows:

· What is your name?
· Are you currently working for a nonprofit organization?
· What is the organization’s mission?
· What is/was your role in the organization?
· Describe your experience working in this organization.
· What do you think causes people to leave or stay in that organization?
· How does voluntary staff turnover affect the organization and the community being served?
· What can organizations do to reduce voluntary staff turnover?
· Anything else you would like to add?

The survey questions were as follow:

1. Have you noticed a trend or pattern regarding staff voluntary turnover?
YES NO
If no skip to Q3

2. What trend have you noticed about the Voluntary turnover in your organization over the last few years?

3. Has your organization done anything to prevent staff voluntary turnover?

   YES

   NO
If no skip to Q6

4. What has your organization done to prevent staff voluntary turnover?

5. In your experience, what has been the most effective way to prevent staff turnover in your organization?

   6. Has voluntary staff turnover affected your organization’s operations?

      If yes, please explain.

   7. Has voluntary staff turnover affected the community your organization serves?

      YES

      NO
If yes, please explain.

What is your role in the organization?

What is your organization’s mission?

Seven out of eight survey participants confirmed having noticed a trend in voluntary staff turnover in their organizations and departments. The reasons for the departure according to the responses are related to low wages, benefits, and workload. Seven out of the eight participants confirmed that the organization is working on reducing the voluntary turnover rate, however, not all technics are effective. Increase in wages is the number one preferred method to motivates
employees to stay longer in organizations, one organization mentioned conducting a market rate study with subsequent wage adjustment; besides increase in wages, other effective ways to increase employee retentions as mentioned in the survey are enhancing H.R visibility in the agency, promote open door policy, hold staff appreciation lunches/events monthly, implement wellness initiatives, offer bonuses, senior level staff should apply servant leadership model, include staff in decision making processes, improve benefit packages and hire more staff to reduce workload and burnout.

While examining the impact voluntary staff turnover has in the community, the study showed a similar pattern in quantity and quality of services offered in all the organizations represented in this study. When organizations lose their best talents, there are gaps in positions, the current staff have to take on more work load, which increases stress, it reduces impact, it effects programing, it creates more of a wait time and quantity of services offered or people that can be served, which in turn created a disconnect between service providers and recipients and brings discouragement in the community being served by those organizations. Even when knew staff are hired, they have to go through training, before they can provide quality services to individual clients or patients they are working with, they have to get to know them better. It usually takes time for community members to get used to new staff, build the report and trust to open to them. When organizations operate at a lower capacity, recipients go to other organizations for services, this poses a problem for organizations because they risk losing future grants.

The secondary data concentrated on NGOs in Illinois by the Illinois Nonprofit work force and another by the Illinois Partners for Human Service. And the other set of data looking at
NGOs across different regions of the country, by Selden and Sowa (2015) in their article “Voluntary Turnover in Nonprofit Human Service Organization.”

Starting with the research from Selden and Sowa, the study seeks to explore the impact of High-Performance Work practices on voluntary turnover in human service nonprofits. The study surveyed executive directors because they are typically well-prepared professionals who have experience in their field, who have an understanding of the overall practices adopted by the organization they lead, and who are likely to influence which management practices are adopted. A number of studies have used administrators’ perceptions to assess organizational performance and compared those findings to objective measures.

The study used a nonprobability sampling framework to select states to be included in the study. Using the National Center for Charitable Statistics, the study sought to select a group of states that would yield an overall sample of human service nonprofits that reflected the proportional representation of human service nonprofits in the four major regions across the United States: West, Midwest, Northeast, and South. Between May and July of 2012, we surveyed executive directors of human service nonprofits in the following eight states: Idaho, Michigan, New Hampshire, New Mexico, Utah, Vermont, Virginia, and Wyoming. Once the states were selected, the sample was constructed through a search of GuideStar on the selected NTEE codes, with the sample restricted to organizations with budgets from $500,000 to $10,000,000.

This study conducted case studies of 16 high performing nonprofits identified through the eight-state survey. In addition to in-depth interviews on site with the executive director, key managers, and selected employees, the study surveyed employees and volunteers. To examine whether or not executive directors tended to inflate their responses, we compared the executive
director scores to the mean responses of the employees for the 12 HPWPs. The results showed that for 10 of the 12 HPWPs, the responses of the executive director were slightly lower than the employees’ estimates, suggesting that response inflation was not likely a major concern in this study. The study conducted case studies of 16 high performing nonprofits identified through the eight-state survey. In addition to in-depth interviews on site with the executive director, key managers, and selected employees, the study surveyed employees and volunteers. To examine whether or not executive directors tended to inflate their responses, we compared the executive director scores to the mean responses of the employees for the 12 HPWPs. The results showed that for 10 of the 12 HPWPs, the responses of the executive director were slightly lower than the employees’ estimates, suggesting that response inflation was not likely a major concern in this study. The models were tested using hierarchical regression analyses.

While not surprising, building a strong and positive working environment led to less voluntary turnover. Compensation was statistically significant at the .05 level, but the impact of compensation was not as important as onboarding, leadership succession planning, or employee relations. Information sharing and employment stability were in the expected direction, although the relationships were not statistically significant. Some of the HPWPs performed in a manner not expected, as hiring based on competencies was strongly statistically significant, but positive, suggesting that the use of highly defined competencies in hiring was associated with higher voluntary turnover. Hiring the best, training and development, nonmonetary rewards, performance appraisal, information sharing, employee participation and input, and employment stability were not significant predictors of voluntary turnover. In terms of additional results, contrary to expectations, the size of a nonprofit’s organizational budget was positively related to voluntary turnover.
Both data for NGOs are about the same. These are the findings from The Illinois Partners for Human Service. Nearly half of the employees surveyed worked less than two years at their organization; nearly 27% of employees did not work a full year; and only 22% in the sample worked as long as six years with their current employer. Across the sample, voluntary turnover is more common than involuntary turnover. 80% were employee initiators. While in very rare cases involuntary turnover includes employee layoff due to lack of funds or the closure of a program, the study’s reporting period was conducted after most organizations experienced one of their most difficult financial challenges due to state government budget cuts, the two-year budget impasse and revenue shortfalls. Consequently, nearly all the turnover reported by providers was not attributable directly to layoffs. The sample uncovered a wide variety of two-year quit rates ranging from a few with no voluntary turnover to two organizations with rates over 80%. Most voluntary turnover rates fell between 20% and 40%. Among full-time employees, voluntary turnover was similar regardless of geography. Among part-time employees, those in Cook County were less likely to quit with a voluntary turnover rate just over 30%, while downstate had the highest part-time voluntary turnover rate with more than 50% of part-time employees quitting within two years. Even with a very compelling mission and a passion for service, if employees are not well compassionate and do not see a future in the organization, meaning no possibility for growth organizations, employees do not stay long, the same pattern is shown in nonprofits in Rockford, employees usually stay between two to three years in one position before leaving for something better.

Interviewing four to eight organizations does not do justice to this study, nor do those few organizations serve an entire population, and fairly represent the nonprofit sector in the Rockford and Area. The experience employees share in one specific organization may not be the
same as those experienced by employees of other different organizations. Which is why we also looked at secondary data to compare and contrast to help analyze the data better. The goal is to know if most of the employees who no longer work for the organization leave because they were fired, if they were let go, or left on their own terms, and if their workload, position or pay have anything to do with their departure. Our aim was to know what patterns each organization is noticing about their employee’s growth and retention rate.

**Conclusion.** The challenges nonprofits face in Rockford are not unique to the city. We owe it to ourselves, our community and future generation to be active participants in changing and enhancing the nonprofit sector and organizations in our surrounding areas. Acknowledging the problem is one thing, but coming together as a community to make a change is what sets the difference.
Bibliography


• Hylton, Nicole R., and Jennifer A. Vu. “Creating a Work Environment That Supports Staff Retention.” YC Young Children, vol. 74, no. 4, 2019, pp. 34–38

• Bame, Sherry I. “Organizational Characteristics and Administrative Strategies Associated with Staff Turnover.” Health Care Management Review, vol. 18, no. 4, 1993, pp. 70–86.


• Rockford Area Nonprofits.” Rockford Area Nonprofits | Cause IQ. Cause IQ, www.causeiq.com/directory/rockford-il-metro/#:~:text=There%20are%201%2C612%20organizations%20in,have%20assets%20of%20%245%20billion. Accessed 19 Feb. 2024.