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FILLING THE LEADERSHIP PIPELINE: DRIVING FORCES & THEIR EFFECT ON THE NEXT GENERATION OF NONPROFIT LEADERS

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The training and retention of effective leaders and leadership is vital to the well-being of non-profit organizations, and to the third sector in its entirety. As the next generation of young and emerging professionals enter the workforce in increasing numbers as the Baby Boomer generation begins to retire, it has been forecasted that the non-profit sector, specifically, will begin to see a growing ‘leadership deficit.’ With that said, what are the common factors driving away the next generation of non-profit leaders? What recommendations can be made to non-profits so that they may better prepare themselves for their own ‘leadership deficit?’ Furthermore, if these factors continue to exist, then how can the third sector continue to thrive and hold its own in the ‘war for talent’ with for-profit and government entities? The following research takes an in-depth look at the driving forces of the non-profit sector and their effects on the long-term career plans of up-and-coming talent. Through an analysis of organizational structure issues, student debt, compensation, work-life balance, staff turnover, recruitment and retention efforts, and lack of professional development and advancement opportunities we are able to clearly see the potential of a looming crisis for non-profit organizations and professionals. Recommendations to these proposed issues focus on the review and reconstruction of organizational structure, human resource policy and procedure, purposeful succession planning, sabbaticals, consistent focus on professional development (coaching, performance evaluations, higher education, professional examinations, membership in professional organizations, conference/seminar attendance, and in-sector networking opportunities), as well as the importance of personal action and responsibility. Additional research also included is the theory of ‘The Non-profit Glass Ceiling’ and the differences in third sector career advancement opportunities across gender lines, of which future research could be proposed.

Keywords: leadership deficit, pipeline, emerging, young, leaders, glass ceiling

Unlike government, which has always had more than enough managers to fill any middle- or upper-level opening, or the private sector, which has always had enough money to skim the cream of the crop for the talent it needs from other sectors, non-profit agencies are notoriously flat organizations. Without painting the entire sector with a broad brush, it seems reasonable to suggest that funders pay increased attention to the non-profit talent pool. Whatever the line of work, if non-profits are to survive and flourish in the current environment of tight budgets and increased competition, they must have a stable corps of talented leaders (The Forbes Fund, 2004).

In the current labor market, the non-profit sector is engaged in a ‘war for talent’ (Tierney, 2006).’ This fight is being waged not only among non-profits themselves, but also between the government and for-profit sectors. The field of non-profit management has, in the past ten years, emerged as a respected profession. It is no surprise that the sector must now, more
than ever, develop and implement serious adjustments to make itself that much more attractive to be able to compete (Stannard-Friel, 2007). With a strong and sincere effort, there is a significant opportunity not only to retain needed and talented leaders, but to strengthen the sector as a whole (Sandahl & Solomon, 2007). And while the non-profit sector has the capacity to continue on as the nation’s healthiest workforce, the absence of significant investments in the next generation of non-profit leaders could lead to the demise of the sector (Halpern, 2006).

A 2007 survey conducted by the Young Non-profit Professionals Network (YNPN) found that 45 percent of young and emerging non-profit professionals plan to move out of the non-profit sector for their next position (Stannard-Friel, 2007). And although they are committed and passionate about their work, these up-and-coming leaders have a wide range of options outside of the third sector – options that will provide the ability to create a better work-life balance, access to more competitive salaries, early recruitment and in-service retention, professional development opportunities, and unlimited career advancement. As a result, fewer young and emerging professionals are choosing to pursue their careers in the non-profit sector. Furthermore, mid-level staff are often stifled by lack of upward mobility, resulting in fewer qualified candidates and a continued poor perception of the non-profit sector. Taking all of this into consideration, we must ask ourselves this – are we staring into the face of a potentially critical situation?

THE NONPROFIT LEADERSHIP DEFICIT

Between 1998 and 2005, the number of non-profit organizations surged from 1.1 million to 1.4 million – within two years that number increased to 1.5 million (Urban Institute, 2010). Furthermore, in 2006, non-profits contributed almost $670 billion to the nation’s economy and accounted for 5 percent of the GDP, or 8 percent of the economy’s wages (Urban Institute, 2010). The most recent statistics are equally as compelling, with the third sector in 2010 employing over 13 million paid workers that represent approximately 10 percent of the total United States workforce (OpportunityKnocks.org, 2010). Without a doubt, the non-profit sector affects a large number of people – from clients served, to funders, donors and volunteers, front-line all the way up the pipeline to senior-level management and executive director staff, as well as the entire community at-large. Additionally, there has been a growing reliance in the United States on the third sector by government entities as they have become less and less responsible for the delivery of what used to be public services, including social services, health care, corrections, and basic municipal services (Balfour, 2003). Thus, it is no surprise that the well-being and health of the sector, in many respects, is an extremely important element that cannot be ignored. Although the country has recently seen a tremendous surge in the growth of non-profit organizations, there is a potential crisis lurking in the shadows.

In non-profit organizations across the nation, there is a looming leadership calamity that will soon be precipitated by the retiring Baby Boomer generation – The Non-profit Leadership Deficit (Johnson, 2009). A 2006 study by The Bridgespan Group reported that by 2016, non-profits will need to attract and develop some 640,000 new managers, the equivalent of 2.4 times the number employed in 2006 and, depending on future non-profit consolidation and turnover rates, this number could prove as low as 330,000 and as high as 1 million (Tierney, 2006). Two key research studies on The Non-profit Leadership Deficit have delved further into the topic, and their findings are quite compelling. A 2009 study by Janet L. Johnson piggybacked off The
Bridgespan Group’s 2006 report and took a deeper look at the aging non-profit workforce and offered various recommendations on how current non-profit leadership could take action to ‘soften the shock’ of the Baby Boom transition. She also makes claim that this so-called ‘leadership deficit’ is being somewhat over-exaggerated and that the retirement of existing non-profit executives will not involve a sudden large shift in the supply curve at any moment, but a gradual shift over a period of years and the market will adjust for the necessary changes over time (Johnson, 2009). Furthermore, the next generation of non-profit professionals may have to wait longer for career advancement, as these Baby Boomers may ultimately decide to work longer due to economic stresses. A year later in 2010, a study was conducted among emerging non-profit professionals in the Charlotte, North Carolina area, focusing on issues of turnover and succession planning at the executive level, career development and advancement opportunities, as well as the disconnect between senior-level management and up-and-coming leaders in the sector (Carman, Leland & Wilson, 2010). Key findings noted that there are both negative and positive trends in each of these areas that will, without a doubt, affect the non-profit community in creating considerable challenges moving into the future. Furthermore, in addition to struggling with the realities of working in the non-profit sector (limited benefits, challenging workloads, etc.), most young and emerging non-profit professionals reported that they felt undervalued by their organization, and very few aspired to senior-level and executive director positions (Carman et al., 2010). However, there will emerge unique opportunities for ongoing change and improvement.

In any case, even before these two studies were conducted, for years there has been talk about the third sector and the eventual transition and turnover in leadership that will require an unprecedented amount of emerging talent to fill these positions (Kerlé, 2009). Whether it be supplying non-profit organizations with recent college graduates ready for entry-level positions, mid-career employees transitioning into the non-profit sector, or non-profit professionals a couple of years into their career track, there is a dire need for individuals who have intentionally sought employment in the sector and are interested in staying within the sector in the foreseeable future, committing themselves to improving their skills and knowledge along their vocational path (Cornelius, Corvington & Ruesga, 2008). Regrettably, this ‘leadership deficit’ issue has most certainly established its presence in the non-profit sector and we have not yet begun to tackle the problem head-on by feeding and filling the pipeline with the next generation of non-profit leaders. There has been increased movement of existing non-profit leaders into different roles either within or outside the sector along with barriers to young and emerging non-profit professionals from establishing non-profit careers. Thus, the following questions present themselves:

- What are the factors driving the next generation of non-profit leaders away from establishing careers in the third sector? Are these factors different across gender lines?
- What recommendations can be made to non-profits so that they may better prepare and position themselves for their own ‘Leadership Deficit’?
- Furthermore, if these factors continue to exist, then how can the third sector continue to thrive and to hold its own in the ‘war for talent?’
ANALYZING THE PROBLEM

The following section examines the factors that contribute to the leadership deficit among both entry-level and mid-level non-profit professionals. As the third sector moves deeper into a deficit of leadership, these issues are in dire need of resolution. However, most nonprofit leaders have yet to become aware of the problem, and a sense of urgency has not yet been established.

Organizational Structure Issues

Organizational structural limitations that obscure avenues to career advancement are additional frustrations among entry-level and veteran non-profit professionals. Because many non-profits are small, with relatively flat organizational hierarchies, structural impediments limit pathways to managerial positions, and internal advancement is increasingly difficult where there are no systems in place to guide transition and promotions (Cornelius, Corvington & Ruesga, 2008). Consequently, career advancement in the non-profit sector most often occurs in lateral movement between organizations (The Forbes Funds, 2004).

Obviously, there is a problem here, and concerns about organizational structures available in the non-profit sector continue to grow as the next generation of leaders is not typically attracted to these traditional models and is trying to find new ways to organize and structure work, ranging from entrepreneurial models to shared leadership and more broad participatory structures (Corvington & Kunreuther, 2007). Current leadership has the desire to attract, hire, and retain ‘new’ talent, however, they also want to maintain the same organizational models – models that will most likely hinder the abilities of these emerging leaders to explore new ideas and receive worth-while opportunities for career advancement. The results are likely to be stifled efforts, increased frustration, and staff turnover, all of which will cause a stagnation of leadership at the top.

Student Debt

To recruit and retain the next generation of leaders, non-profit organizations rely not only on the emerging interest in serving others, but also on their financial capacity to enter and remain in this critical but lower paying sector (Asher, 2008). Research by Cheng and Reed (2010) in *Student Debt and the Class of 2009* estimated that college seniors who graduated in 2009 carried an average of $24,000 in student loan debt, up 6 percent from the previous year. And, as college costs rise and financial aid fails to keep pace, more students (traditional and non-traditional) are graduating from college with higher levels of student loan debt than ever before – approximately 74.5 percent of new college graduates who take jobs in the non-profit sector have debt (Asher, 2008). Additionally, in the current economic climate, recent college graduates face unique challenges in paying back their student loans – the unemployment rate for college graduates rose from 5.8 percent in 2008 to 8.7 percent in 2009, the highest annual rate on record (Cheng & Reed, 2010). Pairing these statistics with the fact that the average annual salary of a non-profit professional, the majority of whom have 10 to 20 years of experience, is $76,482 (Association of Fundraising Professionals, 2010), it is no surprise that young, emerging, and mid-level professionals are veering away from the sector and pursuing opportunities in the for-profit and government sectors.

A study conducted in 2006 found that among four components of compensation (salary, retirement, vacation and health/other benefits), 51 percent of executives wished that their salaries would be raised; however, only 26 percent had negotiated a raise beyond what their
boards had offered due to budget constraints rather than being market-based (Bell, Moyers & Wolfred, 2006). Even the most experienced non-profit professionals feel underpaid and may have ongoing concerns relative to the stability of their personal finances as they continue a long-term career path in the sector. The typical case in our economy’s current state of turbulence is that even the largest and most fiscally secure organizations are turning towards wage freezes and limited annual raises and bonuses. And though this may be happening across sector lines, the unfortunate truth is that non-profits have yet to find and establish a competitive edge when it comes to compensation, or at least higher-than-average entry level and starting salaries for new graduates desperately needing to pay off these ominous debts.

Compensation

Salary levels in non-profit organizations are an additional deterrent to the desire to begin and establish a long-term career in the sector. Though salaries seemingly rank towards the bottom of overall reasons for dissatisfaction, matters of compensation still play a significant role in the overall issue of professional advancement. According to the survey conducted for the 2006 Ready to Lead study, 69 percent of respondents felt underpaid in their current positions and 64 percent of respondents reported that they have financial concerns about committing to a career in the non-profit sector (Cornelius, Corvington & Ruesga, 2008). The same study provided a ranking of financial concerns relative to a long-term career in the non-profit sector. Topping the list at 48 percent of respondents was the fear of not being able to retire comfortably; additionally, approximately 20 percent felt that they would not make enough money to pay off student debt in a reasonable time frame (Cornelius et al., 2008).

I think that having work that matters is incredibly important. You’re helping people and that sort of thing. Initially, I’m not going to be doing that. My initial work is going to be to make the money, so hopefully I can do that later on (The Forbes Fund, 2004).

This is a common perception among new graduates that often feel that entry-level salaries in the non-profit sector are too low and the potential for substantial raises are slim – and though non-profit work may be more socially and personally advantageous, they will put off these opportunities until they have made more money, paid off student debt, and built up a comfortable nest-egg of savings.

In the background of the lackluster reality of lower-than-average compensation in the non-profit sector, there seems to be a small glimmer of hope. According to the Association of Fundraising Professional’s 2010 Compensation and Benefits Study, the average salary for respondents in the United States increased by 7.4 percent (Association of Fundraising Professionals Public Affairs Department, 2010) – this is in strong contrast to the two percent drop in salaries that was reported in the 2009 survey (Dempsey, 2010). Quoting Paulette V. Maehara, CFRE, CAE, president and CEO of AFP:

The decline in fundraising salaries across North America that occurred in 2008 seems now to have reversed...the results of the 2009-2010 compensation survey show that in spite of difficult economic conditions, non-profit leaders understand the critical role fundraisers play in the financial
success of their organizations, and are willing to compensate them accordingly (Dempsey, 2010).

As encouraging as this may sound, there remains a significant gap between the salaries of male and female development professionals. Research by Mesch and Rooney (2008) found that senior female executives as well as other top positions of our nation’s non-profits are routinely paid less than men in similar jobs; as high as 50 percent gender differential exists for CEOs, and the pay gap is greatest among the largest non-profits, persisting even across comparable job titles and responsibilities. Furthermore, additional data provided by the AFP 2010 Compensation and Benefits Study state that ‘with the exception of 2005 when salary gap diminished slightly, the discrepancy has been approximately $20,000 during the nine years in which the survey has been conducted (Dempsey, 2010). Might this be a possible deterrent for young, emerging, as well as established female non-profit professionals?

Although studies have shown that most non-profit employees leave for positions with other non-profits, suggesting that achieving salary competitiveness with other non-profits may improve retention, to the extent possible, salary competitiveness with similar jobs in the government and for-profit sectors will also contribute to retention (Chan, Fernandopulle, Masoak, Peters & Wolfred, 2002). Either way, most non-profits may not be able to readily raise salaries to be competitive, nor will they all be ready or willing to understand the above-mentioned ‘critical role that fundraisers play.’ The resources are simply not available, and these resources are what attract the talent.

Work-Life Balance

The lack of a consistent work-life balance associated with non-profit careers often hinders the desire to pursue top third sector positions, let alone strive for professional advancement. Quoting an anonymous source:

I almost feel like I’m being forced to choose to go outside of the non-profit sector if I want a balanced life, not a cause…and that makes me very sad because I like to stay committed. There is a tremendous guilt that goes with that, and I am just tired of it (Cornelius, Corvington & Ruesga, 2008).

The ability to manage this divide is quite difficult and can often invite criticism of those who attempt to seek a balance. According to data collected for the 2005 Up Next – Generation Change and the Leadership of Nonprofit Organizations report, emerging non-profit professionals in the study were committed to their work and to their organizations, putting in long hours on the job. However, many of the youngest respondents were struggling with how to balance the demands of their work and having a life outside the job. Several, particularly, young men, worried about how to continue their work and make time for a family (Kunreuther, 2005). Comparatively, in Solomon and Sandahl’s 2007 study Stepping Up or Stepping Out – A Report on the Readiness of Next Generation Nonprofit Leaders, results showed that burnout (90 percent of respondents) and job related stress (65 percent of respondents) were likely reasons for leaving the sector.

Work-life balance is a complex issue as it can mean different things to different people and is a matter of true importance to professionals at all stages within their careers, and regardless of their personal circumstances (Association of Graduate Recruiters, 2009).
Findings of research commissioned by the Association of Graduate Recruiters (2009) identified three types of emerging professionals in terms of how they defined work-life balance:

1. Those who are able to achieve a clear separation between work and their lives outside of work, in terms of time spent at work versus time spent outside of work.
2. Those who are able to achieve a balance related to the belief that they had control over how they divided up their time between work and life outside of work.
3. Those who view work-life balance as being in existence when work did not affect their lives outside of work, in particular in terms of stress or exhaustion.

A study by Solomon and Sandahl (2007) found that while 65 percent of emerging non-profit professionals wish to persevere and become part of the ranks of senior-level management, they also express significant qualms about taking on the role:

> It is very important for me to be able to have a happy, healthy, and fulfilling personal life in addition to my career. The climate I have observed in many non-profits does not support this, and there is an expectation that leaders, especially executive directors, will take on challenging, stressful schedules with relatively low pay because they believe in ‘the cause (Solomon & Sandahl, 2007).’

Furthermore, many question whether social change is worth the personal sacrifice – respondents in the *Up Next* study noted that the long hours and frustration are major deterrents to becoming top-level management and/or executive directors (Kunreuther, 2005). Being an executive director would mean making too many personal compromises, resulting in fewer qualified candidates available and increasing the deficit of non-profit leadership.

**Staff Turnover**

Staff turnover is defined as ‘the rate at which employees leave an organization (whether it was voluntary or involuntary) through termination, resignation or layoffs (OpportunityKnocks.org, 2010). Although third sector employees are not leaving in numbers as large as a few years ago, probably due to the tight job market, the cost of staff turnover is much more economically significant and important than ever before. The average turnover rate for all non-profits according to the 2010 Opportunity Knocks *Nonprofit Retention and Vacancy Report* was 16 percent compared to 21 percent in 2008, with more than 37 percent of non-profits reporting that retention is a significant problem for their organization (OpportunityKnocks.org, 2010). Furthermore, research by Casner-Lotto (2007) reported that, as a whole, the non-profit sector has a higher average staff turnover rate (3.1 percent) than both the for-profit (2.7 percent) and public (1 percent) sectors.

Vacancy rates are a key element to understanding the issue of staff turnover and its negative impact on organizational goals and objectives. Vacant positions, especially if they remain so for longer than several months, can have far-reaching impact ranging from the need to cancel programs to reduction of staff and other infrastructure. Continual hiring and training of staff not only has a significant cost, but it also disrupts the efficiency of the agency, delivery of its
programs, and quality of services (OpportunityKnocks.org, 2010). Findings in research by Peters, Fernandopulle, Masaoka, Chan and Wolfred (2002) showed that approximately 8 percent of paid staff positions at non-profit organizations are vacant, with 30 percent of these positions being vacant for four months or more, and 24 percent of the vacancies are upper-level management positions. With that said, where are these employees going and why are they leaving?

For all positions reported, almost 20 percent said that employees who have left their organizations had been in their position for less than one year (OpportunityKnocks.org, 2010). Reasons for leaving an organization are many, and correlate with the issues discussed above – inability to repay student debt, non-competitive compensation programs, lack of work-life balance, and lack of purposeful recruitment and retention efforts which goes hand-in-hand with the absence of professional development and advancement opportunities. The most common destination of exiting non-profit employees is to other non-profits – only 20 percent of non-profit turnover left for the for-profit or government sectors compared to 34 percent who decide to move on to another third sector opportunity (Peters, Fernandopulle, Masaoka, Chan & Wolfred, 2002).

**RECRUITMENT & RETENTION EFFORTS**

The recruitment of non-leadership positions is another area that non-profit organizations must improve upon as competition with the public and private sectors continues to increase (Halpern, 2006). The first step to developing a staff of high-performers is to recruit the right people. Interestingly enough, most non-profits tend to hire from within their small personal and professional circles, and this strategy is becoming unsustainable. Consequently, the recruitment and retention of specifically non-leadership staff positions is a concern for most non-profit organizations, as they will potentially move into future leadership roles. As previously mentioned, within the next decade, non-profits will need to attract and develop some 640,000 new senior managers – or the equivalent of 2.4 times the number currently employed (Tierney, 2006). To address these issues, as well as to attract more and better leaders, non-profit organizations will have to structure more competitive management packages in addition to reaching out with recruitment efforts at colleges and graduate schools; and, in most cases, non-profits do not have adequate resources to recruit effectively in these areas (Tierney, 2006). Non-profits currently fall short of the strides that other sectors have made in this area – they invest time and money, and on a regular basis, to attract and develop candidates into leadership roles, thus creating a ‘competitive edge’ that the third sector has not yet established. Furthermore, non-profits generally lack the basic human resources skills and experience that their for-profit counterparts rely on for middle- to upper-management training and professional development. Additionally, internal promotions in non-profits are quite rare, which ultimately affects overall retention rates of qualified and experienced staff. Employee retention should begin well before a new hire begins – and with approximately 60 percent of non-profits considering recruitment and retention a significant problem for their organization, this cannot be ignored (OpportunityKnocks.org, 2010).

In addition to these arguments, Founder’s Syndrome affects lower level employees, and tends to give non-profit organizations a bad name. This syndrome, as its name implies, refers to a pattern of negative or undesirable behavior on the part of the Founder. This phenomenon often occurs after the initial growth of a non-profit organization, when its mission evolves beyond what its Founder originally had in mind, creating conflict between newcomers, who want
the organization to adapt, and the Founder, who wants to keep things the way they were (Gottlieb, 2005). This syndrome can be the final nail in the coffin for many non-profit staff. Research has also shown that workers have to overcome many barriers to entry in the non-profit sector, only to have their creativity stifled by a board or a Founder that is content with the status-quo. One would consider that if an employee is willing to work long hours for less than average pay, they should at least have the ability to be dynamic and innovative within the organization.

**Lack of Professional Development and Advancement Opportunities**

Regardless of vocation, the lack of, or even absence of, professional development and training opportunities results in decreased motivation, and in more serious cases, losing a qualified staff member(s). The education and training for the employees of our nation’s human services organizations often does not match the demands of their jobs, and non-profit professionals typically do not receive adequate training in key managerial skills (The Forbes Funds, 2004). Specific to the next generation of non-profit leadership, according to a recent Young Non-profit Professionals Network (YNPN) survey, most respondents felt that their training is not preparing them for future leadership positions; in fact, there is a lack of a structured career path in the sector for these individuals. Furthermore, we often see that organizations do not have a succession plan in place for when their current executive director or others in senior-level management retire. According to the 2006 *Daring to Lead* survey, just 29 percent of executives have discussed a succession plan with their boards. In addition, it remains true that 75 percent of executives say they plan to leave their jobs within 5 years (Bell, Moyers & Wolfred, 2006). And although young and emerging professionals are generally more comfortable changing jobs, and even sectors, the need for career development has become even greater due to the need to fill positions left by retiring Baby Boomers (Sandahl & Solomon, 2007).

**ADDITIONAL ANALYSIS – THE NONPROFIT GLASS CEILING**

According to the United States Department of Labor, women comprise 46.8 percent of the labor force and account for 51 percent of all workers in high-paying management, professional, and related occupations (Working Mother Media, 2010). These statistics are most certainly compelling, and suggest that the ‘glass ceiling’ hindering the professional advancement of women is cracking if not shattered. Yet, despite comprising such a large percentage of the labor force, women are still not well represented in the upper ranks – there are still only 15 female Chief Executive Officers on the Fortune 500, representing only 3 percent of the top jobs (Working Mother Media, 2010). Although the general perception is that these barriers for women in the for-profit sector no longer exist, the truth continues to be hidden. There is still a tremendous need for ongoing focus and commitment to the advancement of women within their professional capacities.

**Repellent for emerging female professionals**

Many studies have been conducted relative to the ‘glass ceiling’ for women (and minorities) within the corporate world and the government sector. However, very little research has been done on the topic relative to female professionals in the third sector. This is unfortunate, for the same ‘glass ceiling’ most certainly exists in the non-profit world. The non-profit world has instead, by and large, escaped the level of scrutiny that has been given to examining barriers to
the advancement of women in other sectors of the economy, for the assumed underlying values of the non-profit sector suggest that these organizations would voluntarily and systematically seek to adhere to principles of affirmative action and nondiscrimination in their labor force practices (Gibelman, 2000). Recent statistics reported by the Association of Fundraising Professionals noted that ‘approximately 74 percent of their membership reported their gender as female’ in their 2010 Compensation and Benefits Study, implying that there is most likely a parallel between their findings and the hard fact that women make up the majority of individuals employed in the non-profit sector (Association of Fundraising Professionals, 2010). Why, then, of the top 50 leaders reported in the 2009 Nonprofit Times, were only 38 percent women (Smith, 2010)?

This is a subtopic of interest worthy of additional research and, quite possibly, yet another force driving away female non-profit professionals, either new or experienced? Specific to the third sector, is the representation by women management proportionate to their representation in the sector? Moreover, to what extent are women upwardly promoted and is there equal pay relative to their male counterparts? A study by Margaret Gibelman was the first in many attempts to answer these questions. With a primary focus on large human service organizations in the non-profit sector, Gibelman found that, overall, women were less likely to occupy management positions and earned less than men at any level of the organization (Gibelman, 2000). Her results revealed an over-representation of men in upper-level management positions in addition to a higher likelihood of men being hired into these positions from within. Furthermore, even when age, education, and type of degree were controlled, women still earned $5,000 less than their male counterparts (Gibelman, 2000). Almost 10 years later in 2008, research by Sampson and Moore, which focused specifically on women in the development field paralleled Gibelman’s results. Even with more women entering the profession as paid employees and thus a ‘feminization of fundraising,’ there was now a differential average of $18,994 between earnings and women held more of the mid-range director-level positions, while men held more of the senior management titles (Sampson & Moore, 2008). There was also a marked difference in access to pension plans as well as job dropout rates for women. Compared to 21 percent of men, 42 percent of women had taken time off from their career; however, 58 percent of women had never taken time off, which may possibly rule this out as reason for limited advancement (Sampson & Moore, 2008).

Quoting a female participant in the 2007 report by Harder & Company, The Leadership Development Program for Women Executives in Undererved Communities, prepared for CompassPoint Nonprofit Services:

If there were a man in my position with as much responsibility as I have, he would be paid quite a bit more. I have my Master’s, years of experience, and if they had to go out and replace me with a man, he’d be paid more. (p. 9)

The similarities between the Gibelman (2000) and Sampson and Moore (2008) research confirms that these inequalities undoubtedly breed employee dissatisfaction and turnover, lowered productivity, negatively affected donor relationships, an overall loss of institutional knowledge, all of which leads to the conclusion that the need for organizations to address these challenges in a time of rising expectations for organizational stewardship, as well as a looming deficit of leadership, in this case for female nonprofit professionals, is of a critical nature (Sampson & Moore, 2008).
RECOMMENDATIONS

The subsequent section discusses recommendations for non-profit organizations that, if implemented, may help to alleviate the deficit of leadership, as well as suggested steps of action for young, emerging, and seasoned non-profit professionals on how they may better prepare themselves, and their organizations, for these future challenges. Most non-profits have not placed a purposeful element of focus on these areas that would establish a strong foundation for the future of their organizational health. It is imperative that these activities, whether they are or are not included in the preceding list, be built into day-to-day functions. It is all about non-profit organizations and their leadership taking an honest look in the mirror, accepting the need for change, and having an open mind for ongoing improvement.

Review and Reconstruction of Organizational Structure, Policy and Procedures

The continuous review and reconstruction of non-profit organizational structure is a key element for and creating ongoing positive action in response to the forecasted leadership deficit. In addition, the revision, improvement, and implementation of more inclusive internal human resource policies and procedures in non-profit organizations, in collaboration with the enhanced organizational structure and advancement opportunities, are also essential for building a solid foundation for the leadership pipeline. It is said that the non-profit sector is at a distinct competitive disadvantage with the private and public sectors when it comes to investment in human resources management (Casner-Lotto, 2007). And, out of human nature, employees can get restless if they detect a lack of support or caring on the part of their employer; furthermore, much dissatisfaction with work can be traced to the important but intangible organizational culture (Chan, Fernandopulle, Masaoka, Peters & Wolfred, 2002). With small, yet powerful, adjustments in internal systems, these issues can be addressed.

Non-profit senior leaders have an ongoing responsibility to examine the current structure of their organization to determine whether or not staff has adequate opportunity for advancement into leadership roles and positions. Young and emerging leaders are constantly pushing their interest in developing new structures that they think would increase the effectiveness of the third sector (Kunreuther, Frances & Corvington, 2007). Though many social change organizations struggle to find appropriate leadership and decision-making structures, having clearly defined structures can help retain younger and emerging staff as well as provide a fertile ground for training new leadership (Kunreuther, 2005). Co-directorships and models of decentralized decision-making are common and often prove to be very effective. In any case, the adaptation of a culture that calls for less tradition, while still holding everyone accountable for meaningful mission impact, is the best remedy to attract and retain the next generation of leadership (Cornelius, Corvington & Ruesga, 2008).

Relative to the internal functions of human resources policy and procedure, a good starting point would be to address compensation issues by using data to set competitive salaries, benefit packages, and retirement plans – the need for a ‘livable’ salary versus a highly ‘competitive’ one is a critical factor (The Forbes Funds, 2004). Other key factors include opportunities for staff to create a more positive and healthy work-life balance, and defined necessities such as working overtime, vacation time, personal time, leaves of absence, and work hour flexibility. Professional development opportunities should not only be part of written organizational policy, but also a high priority items of managers and front-line staff. Benefits such as tuition assistance, approved
time away from the office for seminars, conferences, and participation in professional organizations, as well as internal mentoring and advancement opportunities should be seriously considered. Lastly, the establishment of non-monetary methods of staff appreciation and recognition should be created and implemented to their fullest extent to help build a more positive organizational culture.

While these proposed action steps can benefit all non-profit organizations and their staff, what works today may or may not work tomorrow. Human resources policy, recruitment and retention strategies, and other related procedures should be reviewed on a regular basis, remain ethical and up-to-date, should reflect best practice, and must be compliant with state and federal law (Mizell, 2005). Furthermore, all policy and strategy should be written-down, supported, and communicated throughout the organization at all levels. By creating an ongoing commitment to these nurturing activities, organizations will gain stability and increase their credibility, which all ties into and will create less staff turnover, thus improving retention of talent for the long-term.

**Purposeful Succession Planning**

Non-profit senior management and executive directors should be held responsible to provide a positive example for their potential successors. Many young professionals, specifically, feel that leadership models their jobs in a less-than-favorable manner, resulting in a significantly negative impact on the development and implementation of their chosen career paths. What needs to happen are organizational steps to ensure that good talent does not, first and foremost, leave the non-profit sector, in addition to working at continuous improvement so that those who do leave the sector at some point in their career path will ultimately find it attractive to return, and bring their newfound experience and training back to the sector (Sandahl & Solomon, 2007). Furthermore, a plan for purposeful transition can also help alleviate issues associated with Founder’s Syndrome, such as interwoven identity, relinquishment of position and power, need for sabbatical, career and profession uncertainty, loyalty traps, organizational collapse, assumed financial constraints, and life experience/motivational factors (Adams, 2005).

It can be said that succession planning is a sound risk management practice for all organizations (Wolfred, 2008). It also builds what is called ‘bench strength’ when staff turnover does occur by providing well-ahead-of-time the professional development opportunities to build skills that are necessary for senior leadership roles (Bell, Moyers, & Wolfred, 2006). In its 2008 Discussion Guide *Helping Organizations Achieve Successful Leadership Transitions*, the Association of Small Foundations outlined three theories of succession planning, as developed by CompassPoint Nonprofit Services and TransitionGuides:

1. **Strategic leader development** is an ongoing practice based on defining an agency’s vision, identifying the leadership and managerial skills necessary to carry out that vision, and recruiting and maintaining talented individuals who have or can develop these skills.
2. **Emergency succession**, or leadership, planning ensures that key leadership and administrative functions, as well as agency services, can continue without disruption in the event of an unplanned, temporary absence of an administrator.
3. **Departure-defined succession planning** is recommended when a long-term leader has announced his or her departure some years in advance. It includes identifying the agency’s goals going forward, determining which tools a successor will need to achieve those goals, and devoting significant attention to building the capacity to sustain the organization into the future.

As the above implies, a well-established and thorough succession plan has benefits above and beyond the primary purpose of a smooth transition of leadership. It is a key element of filling the leadership pipeline in its ability to reenergize staff.

**Sabbaticals**

The demands of leadership make intellectual, emotional, creative, and even physical exhaustion all too common among non-profit executives – many leaders in the third sector work under conditions of unrelenting stress, which potentially leads to burnout (Linnell & Wolfred, 2009). These round-the-clock expectations of senior level management and the daily grind of their high-pressure work schedules wreak havoc on the mind, body, and soul. Furthermore, setting a constant example of workaholic behavior for lower- to mid-level staff who would one day hope to join the ranks of the vocation-obsessed may not fare well for staff retention. Research by Sandahl and Solomon (2007) reported that 90 percent and 65 percent of respondents, respectively, in the *Stepping Up or Stepping Out – A Report on the Readiness of Next Generation Nonprofit Leaders* stated that burnout and job-related stress were likely reasons for eventually leaving the sector. When is it time for those in leadership positions to ‘take a break,’ not only for their own benefit, but for the benefit of the entire organization?

Results in the 2009 study by Linnell and Wolfred, *Creative Disruption – Sabbaticals for Capacity Building & Leadership Development in the Nonprofit Sector*, brings to attention the key benefits that sabbaticals can provide to individuals in non-profit leadership positions. And, although these stints of ‘time away’ from the office are typically and on average awarded to leaders with greater seniority and tenure in their roles and within the non-profit sector, the extended leave from day-to-day pressures, concerns, and worries can produce benefits that fall not only to them but to their organizations as a whole, including funders (Linnell & Wolfred, 2009). Sabbaticals are rejuvenating in nature, and they also encourage participants to reframe their perspectives on work and their ability to share increased responsibilities of management with staff. As a consequence, an organization’s pipeline of leadership begins to fill and flourish with a creative re-visioning of internal and external operations. Furthermore, and more importantly, the positive results on a big-picture scale creates a ‘win-win’ situation for those supporting the organization, for the residual effects extend beyond the investment made, all of which ultimately benefits the community and the clients served.

The sabbatical was life-changing for me personally, and really good for my organization. I cannot say enough about the profundity of its impact (Linnell & Wolfred, 2009). The boulders now look more like pebbles and I have a more absorbent wall to bang my head against (Carlson & Donohoe, 2003).

Retaining talented, experienced leaders is essential to maintaining the health of non-profits, especially now, in an economic climate that has put the very survival of many of these organizations at risk (Linnell & Wolfred, 2009). More organizations need to offer leadership
sabbaticals, for this kind of ‘creative disruption’ can be far more advantageous than not in the vast amount of revitalization of passion and creativity that results.

**Professional Development**

Professional development has emerged as a priority for organizations as individuals across all sectors have begun to make more purposeful decisions about their vocational and personal lives. As a result, billions of dollars have been invested annually in activities intended to enhance the leadership abilities of mid to senior-level management, board members, and staff (Gislason, Howard & Kellogg, 2010). According to the *Daring to Lead 2006* report ‘90 percent of executives are accessing professional development of some kind to help them build skills,’ and furthermore, these results suggest that training opportunities are also finding their way to non-executive level staff (Cornelius, Corvington & Ruesga, 2008). Professional development presents itself in many different forms and, assuming an organization can find the right ‘fit’ for its staff, can help develop employees and move them further into and down the pipeline of leadership. In any case, specific to non-profits, various studies underscore the dire need to develop various strategies through experience, mentoring, and formal education for supporting and retaining talent in the sector – and, as noted previously, these strategies should ultimately make their way into the written organizational policies that are reviewed and updated on a regular basis. Therefore, the ongoing focus on common themes, which are discussed below, within this area will most certainly play an important role as they will help to provide the necessary mechanisms and solutions non-profits need to become better prepared for the ‘Leadership Deficit’ that lies ahead.

**Coaching.** Today’s leaders commonly seek out guidance from a professional coach to assist them with reaching personal and professional goals (Harkavy, 2007). ‘Coaching’ is the process of supporting individuals in an ongoing relationship that fosters confidence, trust, and deeply honest dialogue (Harder & Company, 2003). Outcomes of coaching can include a tremendously positive impact on an organization in areas of leadership, management, technical skills, vision and mission, attitudes, life balance, overall job satisfaction, as well as retention. Additionally, younger leaders and staff in particular show a preference for professional development coaching models, which can nurture creativity and contribute to faster, more efficient operations (Gislason, Howard, & Kellogg, 2010).

**Performance Evaluations.** Demonstrating ongoing responsiveness to staff concerns can go a long way in an organization’s efforts toward improving talent retention (Mizell, 2005). Consequently, it helps establish intensified buy-in and increased commitment to the organization’s vision and mission. Evaluation of employee performance, goal- and objective-setting should occur at least annually, if not semi-annually or quarterly in some cases. These evaluations should cover a multitude of topics such as new duties, agreements on changes in job descriptions, and how to capitalize on individual strengths and weaknesses (OpportunityKnocks.org, 2010). Having consistent and open dialogue around staff concerns, suggestions, as well as an opportunity to provide feedback on what has been going well will create a platform for management to monitor employee satisfaction levels, as well as a more welcoming atmosphere where staff feel confident that they and their work are valuable and supported. Furthermore, monitoring the success of professional development plans should most certainly be a regular part of this review process.
Higher Education/Advanced Degrees and Certificates in Non-Profit Management. An increasing number of third sector organizations, and the individuals within, are beginning to recognize the tremendous importance of higher education in non-profit management and, as suggested by Fletcher (2005), ‘[these programs] are important because they are the strongest expression of the desire to establish non-profit management as a separate field.’ Master’s degree holders have been identified as being highly sought after for the type of project director and executive director track positions that will be needed during the next 5 to 7 years within the non-profit community (The Forbes Funds, 2004). And though a growing number of advanced degree holders, such as MBA graduates – approximately 1 out of 10 as reported by the Financial Times and the Young Nonprofit Professional Network of New York City (Perraud, 2010) – are contemplating a career in the non-profit sector, according to research by Wilson and Larson (2002), Graduate and certificate programs in non-profit management education are a growing element in the professional preparation of non-profit managers. The development of non-profit management education has been based on the premise that there are important differences in the organizational reality of non-profit organizations, as distinguished from for-profit and governmental entities (Fletcher, 2005). Research by Cornelius, Corvington and Ruesga (2008) found that 67 percent of emerging non-profit leaders believe that they will need an advanced degree to continue to develop professionally, further illustrating the perceived value of higher education as a means to advance in the non-profit sector. Fortunately, over 250 colleges and universities in the United States, and over 100 institutions outside national borders, offer advanced degrees or certificates that involve some aspect of philanthropy and non-profit studies, primarily non-profit management (McNamara, 2007). As the number of and curriculum of study within these programs become increasingly advanced, not only will the employers and students benefit, but there will also prove to be additional opportunity for networking and collaboration that will provide a vital connection between the non-profit community and academia – both the sector and the organizations within it will strengthen and hold steadfast (Mirabella & Wish, 1999).

Professional Examinations. Seeking out opportunities to support the efforts in setting high standards in the world of non-profit management is nothing new to those who strive for increased recognition, regard, and respect in their professional lives. In addition to obtaining a Master’s degree in the area, advanced certification increases the credibility of both the work and the individual, which in turn may create an increase in overall job satisfaction. Similar to the qualification and accreditation required and highly coveted in other vocations, for example the Uniform Certified Public Accountant (CPA) Examination of the auditing profession, the Certified Fund Raising Executive (CFRE) Examination is designed as a generalist exam for development professionals to demonstrate mastery of the core competency areas related to the fundraising practice, which is a vital ingredient for the success and longevity of any non-profit organization (CFRE International, 2010). Testing data and proficiencies that are used on-the-job, becoming a CFRE improves career opportunities and advancement, results in the ability to take on greater job responsibilities, improves skills and knowledge. It can also provide for greater earning potential, demonstrate commitment to the profession, enhances the profession’s image, reflect achievement, build self-esteem, offer greater appreciation from peers. In addition, it establishes eligibility to take the Advanced Certified Fund Raising Executive (ACFRE) Examination, which is the ultimate professional credential conferred by the Association of Fundraising Professionals (AFP) (CFRE International, 2010). And, furthermore taking into consideration that there are only 5,404 CFRE certificate recipients worldwide (34 percent male,
Professional Organization Membership, Seminar/Conference Attendance, and Inter-sector Networking. Non-profit organizations rarely apply the same resources as for-profit companies to professional skill development (The Forbes Funds, 2004). Organizational budgetary priorities are rarely focused on external professional development opportunities let alone internal reward and recognition programs. In these cases, those striving for personal advancement must take it upon themselves to seek out and take advantage of opportunities available outside of what will or will not be provided by the workplace. Membership in professional organizations, a few examples being the Association of Fundraising Professionals, Association of Healthcare Philanthropy, and the Young Non-profit Professionals Network, can be a less-expensive yet extremely beneficial outlet for vocational training. Most, if not all, of these professional organizations offer various seminars and trainings that are included with annual membership dues. Additionally, there are countless opportunities for both formal and informal networking and knowledge sharing through peer learning groups and learning circles. The trust and camaraderie built among participants can lead to life-long relationships that ultimately help provide a healthy, nurturing, and stable environment in a profession where feelings of isolation and stress are all too common (Peters & Wolfred, 2001). Given that 70 percent of executives have never run a non-profit before, resources for building their skills – in addition to those of their staff who are waiting at the helm of the leadership pipeline – are essential to the success of the organizations they lead (Bell, Moyers, & Wolfred, 2006).

At minimum, the personal investment in these areas should be an expectation, if not a personal desire. One young and emerging non-profit professional noted that she often has feelings of guilt for taking time away from her everyday workload to participate in networking and development activities, and that the office in which she works maintained a ‘get it done, and get it done now’ culture, but that she truly enjoys getting out into the community and making connections that will provide positive results to both her career goals as well as to the organization at which she works (Anonymous, personal communication, November 30, 2010). Adverse as this may seem, this is the norm for many non-profit shops that are hard-pressed to accomplish everything on their plates. However, in reality they are only hurting themselves in the long-run. Time away from the office should be allowed in order for staff to take an active part in these external training opportunities – material learned can most often be brought back to the organizational table and shared with fellow colleagues. It may not appear to be the fact at first, but prioritizing these efforts will ultimately create a ‘win-win’ situation for all.

Personal Action & Responsibility. The bottom line is that an individual’s career and the path on which he/she travels is a personal responsibility. Employers should most certainly have the best interests of their staff in mind, but the reality is that these activities will not always find their place at the top of the organizational ‘to-do list.’ Taking the ongoing initiative to seek out, create, develop, and maintain interest in professional development and advancement will help control and possibly eliminate the dissatisfaction that often partners itself with working in the non-profit sector. Whatever the opportunities may be and how they may present themselves, the personal satisfaction that results will be profound. Ask for increased leadership roles in special projects, staff development efforts, personnel policy changes, staff meeting facilitation, or a place at the table to get involved with the board of directors; furthermore, ask for open chances to broaden management skills and expertise, find a mentor, join another non-profit’s board of directors, and do not forget to recognize and respect that there are generational differences playing a role that
may initially seem to hinder efforts (Cornelius, Corvington & Ruesga, 2008). Request support from the employing organization and do not assume that there are no unknown hidden resources. Although some of this may be on personal time and budget, as it is an essential part of developing a career.

CONCLUSION

Gone are the days when the non-profit sector could count on a steady stream of new recruits willing to accept the stress, burnout, and the persistent lack of resources that come with a non-profit job (Halpern, 2006).

Timing is of the essence. The Nonprofit Leadership Deficit is upon us. There are signs that change in the sector is underway – new pressures and the need for rewards will continue to advance the ‘war for talent.’ Third sector leaders are retiring, organizations are growing, and the need for talent to fill the pipeline of leadership is escalating (Tierney, 2006). Fewer young and emerging professionals are choosing the non-profit sector as a long-term career. Mid-level non-profit staff are stuck in the middle of the ladder and unable to reach the top. Even though the sector is most certainly viewed as a desirable place to work and to seek future employment by people interested in social change, its current leadership must begin to take proactive steps if it desires to maintain the quality of its current and future workforce (Cornelius, Corvington & Ruesga, 2008). There must first be acknowledgement of the enormity of the problem, then motivation to understand its issues, and then finally taking steps to make these challenges a top priority (Tierney, 2006). It will be a tremendously collective effort at its best, with an ongoing consistency that does not allow for ignorance along the way. Without strong support and total investment, the efforts may be too little, too late. The task at hand is no different for individuals – work relentlessly to create a ‘leadership surplus,’ either personally or within the organizational structure and become an agent for positive change.

As one mid-career individual, who has worked in both the non-profit and for-profit sectors, put it:

I’d rather work in and for an organization that is truly making a difference. For me, it is about what is close to my heart and what matters the most in my life. Those opportunities are available to me in the non-profit world…then that is where you will find me (Anonymous, personal communication, December 3, 2010).

So, are we really staring into the face of a potentially critical situation? Yes…and no. Looking beyond the problems of the supposed ‘leadership deficit,’ the focus is more often than not on creating impact in the lives of others and in our communities, versus the negative implications of the non-profit sector and lack of substance to fill the talent pipeline. Some things do not matter when the work being accomplished is truly heartfelt. It takes a certain type of person that, on a regular basis, will accept the stressful responsibilities of non-profit work. These individuals prefer to throw themselves into the trenches of the third sector, to roll up their sleeves and get their hands dirty, and all the while maintaining intense pride and integrity in their role. They take personal responsibility to keep themselves and others around them in a motivational state-of-mind, and they do not rely on their leadership or employing
organization to pave their way. These special people, they are the true leaders. They are what will fill the leadership pipeline, regardless of what assistance they may receive along the way. These special people, they will win this ‘war for talent.’ And they will fight the battle on a daily basis. These special people, they will be the answer to the so-called ‘Non-profit Leadership Deficit.’

REFERENCES


