

Commentary: The Recent College Graduate to Non-Profits Pipeline: Opportunities and Challenges (Working Paper)

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Introduction

Studies have shown that recent college graduates, Generation Z (Gen Z) - are intensely concerned with global challenges (Deloitte, 2022). Connected via the digital age, some researchers consider this generation more health-conscious, socially aware, and environmentally responsible than prior generations. Additionally, polling has suggested that the Gen Z generation has a more significant desire to impact the world positively.

A more socially conscious Gen Z would suggest that non-profit organizations, which serve as a vital means of delivering impact services in the United States, might be attractive for recent college and university graduates. However, the non-profit sector is mired by challenges that impact the experience and sustainability of younger employees. This includes low pay, employee burnout, and limited promotion opportunities (NCN, 2022).

This has significant implications for the ability of non-profits to build and retain the best talent. Addressing these challenges will allow for a more talented and vibrant non-profit workforce in the long term. It is vital to ensure that the next generation of non-profit workers can thrive in their roles, and to ensure that the talent in the sector continues to grow. As the world faces challenges, the ability of non-profits to deliver on their missions is directly affected by how effective non-profits are at retaining a talented workforce.

This commentary will discuss trends that impact non-profits, particularly with the younger workforce. It will then discuss policy solutions to those trends. And finally, it will offer practitioner tips, outside of policy solutions, that non-profits can utilize to enhance the early-career employee experience.

Non-Profit Workforce Trends

There are differences in the non-profit workforce and the for-profit workforce. Studies show that non-profit workers are paid less than their for-profit counterparts, and that they also report feeling more underpaid (McGinnis, 2011). In a recent study, four out of five non-profits reported that compensation (NCN, 2022) was a key issue in the retention of staff members. Non-profit's limited budgets and increase in services

Non-profit organizations also display a degree of uncertainty with their funding (Green, 2021). Non-profit organizations are often funded on a year-to-year basis, and many smaller ones have uncertain private and public funding. This can make it harder to give raises, and invest in staff development, and plan for long-term success.

Additionally, there is a level of public scrutiny that non-profit budgets face. Non-profits have boards of directors who often help plan the staffing and budget for the organizations. Especially in smaller non-profit organizations, with limited resources, there must be budget justification in place, which can limit the flexibility of management to give raises. Non-profits also have external pressure from funders and board members to limit external expenditure. The public perception of spending money on programming is more favorable than on staff expenses,

especially administrative staff expenses. This can be detrimental to hiring administrative staff, such as accounting, marketing, and IT (Information Technology), all of whom are important to the organization's success, but who do not directly deliver services.

The number one concern from Generation Z is cost of living (Deloitte, 2022), which has ramifications on how non-profits can attract young talent. With rising rents, costs, and burdensome student loans, low paying jobs, especially those in the non-profit sector, have challenges in attracting young talent. 43% of Generation Z have reported taking a second job (Deloitte, 2022). Non-profit employers need to be acutely aware of the financial situations of their youngest employees and consider how the cost of living is impacting their employees.

Like the for-profit industry, there is increasing diversification of the workforce in the non-profit sector. There is evidence that racial and gender diversity is increasing in the workforce. And like the for-profit workforce, organizations that incorporate inclusion as a key commitment will regularly outperform those who do not (Brimhall, 2018). It is probable that this trend will only continue.

Policy Implications

There are a few policies that can help address the needs of non-profit workers who have just entered the workforce. Current student debt relief plans for the non-profit sector allow for forgiveness after ten years of service. Decreasing the period for full loan forgiveness or offering tax credits for loan payments to non-profit employees can help fix the gap between non-profit and for-profit pay, especially for employees just out of college or graduate school.

Another policy consideration is to address how rising inflation is dramatically affecting non-profits. While for-profit companies can raise prices to account for rising labor and materials costs, non-profit organizations commonly rely on public and private funding for their budgets. This means that in times of rapid inflation, they have less flexibility than their for-profit counterparts. Government and foundation funders of non-profit organizations should be flexible in their allowances for reimbursement and allow non-profits to manage rising costs in a timely manner. Otherwise, the gap in the ability to compensate workers between non-profit organizations and for-profit organizations will continue to grow.

Cutting government programs, whether at the federal, state, or local level, also has significant impacts on non-profit staffing. Social services organizations during the COVID-19 pandemic saw a significant increase in demand for services. These cuts by the government place an extra burden on non-profits' financial resources. But more importantly, they place a larger burden on the staff of non-profits, increasing turnover and burnout. Ensuring that government services and funding are in place will reduce the burden on non-profits to deliver essential services to those in need. And it will help preserve the budgets and staffing of non-profit organizations.

Of course, there can be steps that non-profit organizations can take outside of government policies that can allow for success with engaging staff, especially young employees. For example, strong leadership and management can be a driver of organization success, even with limited financial resources (Nascimento, 2018).

Practioner Tips

While policy solutions can help address the macro-scale environment for non-profits, there are practical tips that can immediately strengthen managers' relationships with young employees. These recommendations are rooted in non-profit management principles and best practices.

Advocate for Staff Investment

In a world where non-profit pay is less than their for-part counterparts, non-profit leaders should do as much as possible to ensure that they are able to advocate for staff raises, performance, and benefits. This applies for young professionals, who often face rising rents, travel costs, and have less financial security than their older counterparts. Non-profits are often judged by their overhead expenditures, so working with board members and donors to understand that an investment in staff is critical will allow for higher retention of employees. Additionally, investment in items such as staff professional development, wellness, and childcare can help reduce burn out potential. For younger professionals, allowing for collaboration, a sense of community, and mentorship can also be valuable areas for investment.

Set expectations early

Early-stage employees are in a stage of their career where they are uncertain about the tasks they should be performing. In non-profits, where it is common for tasks to vary and change rapidly, setting clear expectations on goals and priorities can help reduce burnout and focus efforts. This can be performed via a regular check-in schedule. A written job responsibilities plan, with individual employee goals, is essential to formalize expectations and to clarify the most important tasks. This requires management to have a clear set of strategic priorities, and to develop roles that help fulfill those priorities.

Communicate clearly

Young professionals deserve candid feedback on the expectations in their role. Often, small non-profits do not have formalized roles outside of the job description. Poor managers do not communicate the needs of the organization, and do not communicate feedback to the employees in a timely manner. With early career employees, this can be frustrating and cause burnout. Management techniques are important regardless of non-profit or for-profit status. Given that communications are more controllable than finances, managers should maximize their communications with early career employees in order to maximize their success.

Prioritize onboarding

Given limited resources, non-profit organizations are notorious for poor record keeping and for lackluster onboarding. Managers who prioritize onboarding allow young and inexperienced staff members to thrive. Ensuring organizational transitions can help maintain external and internal relationships and ensure that items are not missed during times of transition. Employees who are given clear organizational resources, and are guided, are more likely to be empowered in their jobs and satisfied. Comprehensive resources and manuals are vital. Additionally, setting up young employees with a mentor or guide within the organization can lead to increased success and onboarding.

Create a culture of empowerment

Allowing young staff members to take on additional responsibilities outside of their roles allows them to grow. Often, the expansion of skillsets will allow for more empowerment. Building that culture within the non-profit allows for growth of the team, and an increased chance of employee happiness. Organizations must work to build a culture that allows this to occur and foster the continued innovation and improvement of the staff.

Maximize the opportunities to learn

In many non-profits, there is work to go around, and there is a diverse range of skills required. Giving young non-profit employees the opportunity to perform a wide range of tasks is an advantage that might not be offered in larger, for-profit companies. The opportunity to explore different tasks and skills can be a powerful recruiting and retention tool, especially for those employees who are unsure of what they want their career trajectory to look like. However, there needs to be an organization's commitment to empowerment and training to make sure that this can be accomplished in a manner that benefits the organization.

Respect work-life balance

While the work at non-profit organizations can be unending, employees need to have their work-life balance respected. Increased work-life balance, flexible schedules, work-from-home, and increased PTO can help offset the lack of pay. Allowing younger staff members to work from home a few days a week can help reduce commute expenses. Work to develop a plan that accommodates the work-life balance and set in place policies and procedures that allow for this. The current generation spent the last few years of classes virtually and are used to the idea of flexible work and remote meetings.

Create an equitable and culturally inclusive workplace

Employees deserve a workplace filled with respect and appreciation. Ensuring that the workplace is equitable and inclusive is paramount to ensuring success. As the workforce diversifies, the best organizations will be those that are culturally competent. And Generation Z expects employers, regardless of profit status, to be culturally competent and inclusive. Managers should be conscious of how they can make all employees comfortable, and be cognizant of the increased focus on diversity, equity and inclusion that Generation Z expects.

Make promotion opportunities clear

Giving young employees a path to move forward, and clear expectations on the skills to get there, is vital. Regular evaluations, coaching sessions, and raises keep employees engaged. While it may not be possible in every single organization, having a structure in place for opportunities for growth inside the organization can keep younger employees in the organization longer, reducing onboarding time and turnover. It is important to not only keep in mind the next role for a staff member, but what an entire career trajectory could look like.

Many of the tips offered above can be applied to all organizations, regardless of experience level or age. However, the purposeful application of these strategies can help retain younger level professionals and ensure that they are in the non-profit workforce longer. There are

considerations based on organization size, budget, and roles performed; however, solid management and empowerment techniques can help minimize some of the financial disadvantages non-profit organizations often see.

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