

WORKFORCE PLANNING PRIORITIES FOR NONPROFITS

2022 Market Analysis – Multiple Survey Consolidation

Compiled: 12/2/2022

INTRODUCTION

Over the last few years, many nonprofit organizations have experienced significant difficulty in attracting and retaining key talent for delivering on and expanding mission services. Fluctuation in funding capabilities during more recent erratic economic times has only enhanced this difficulty. And a 40+ year high in inflation, combined with a tight labor market has generated a spike in wage growth as well, adding to nonprofit organizations' ability to attract and retain talent. Keeping pace with market workforce dynamics and investing in creative employee-centric benefits will be critical for organizations to effectively generate and maintain a skilled workforce.

We hope you find this market information helpful as you implement your organization's strategic planning activities in 2023. Should you have any questions, feel free to contact *ICONIC* Rewards at 941-216-5792.

MARKET TRENDS AFFECTING NONPROFITS

MARKET TRENDS AFFECTING NONPROFITS

2022 TOP ORGANIZATION PRIORITIES IDENTIFIED:¹

- Talent Acquisition: 79%
- Culture & Employee Engagement: 91%

In spite of above, only 25% of organizations state they have a formal talent management strategy for 2022. 68% state no plan exists, while 7% did not know.

Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

TOP PRIORITY FOCAL AREAS:¹

Top Three Talent Acquisition (Recruitment) Priorities

69% Attracting/hiring diverse talent (i.e. across all demographics including but not limited to race, age, gender, identity, differing abilities, etc.)

46% Strengthening your employer brand to attract better talent

50% Strengthening internal capacity around interviewing skills and practices (e.g. behavioral interviewing, panel interviewing, increasing # of staff involved in interviewing, training interviewers to mitigate bias, etc.)

Top Three Culture and Engagement Priorities

53% Assessing organizational culture (e.g. values, workplace behavior/ attitudes, leadership effectiveness, communication effectiveness, etc.)

37% Improving organizational culture (e.g. reducing conflict, dysfunction, miscommunication, etc.)

53% Implementing employee retention/ engagement strategy, programs and/or initiatives

Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

OTHER PRIORITY AREAS:¹

Organizations that are prioritizing performance management in 2022



Organizations that are prioritizing learning and development in 2022



Organizations that are prioritizing total rewards in 2022



Organizations that are prioritizing talent analytics/metrics in 2022



Organizations that are prioritizing talent-focused technology in 2022



Organizations that have a dedicated HR/talent function

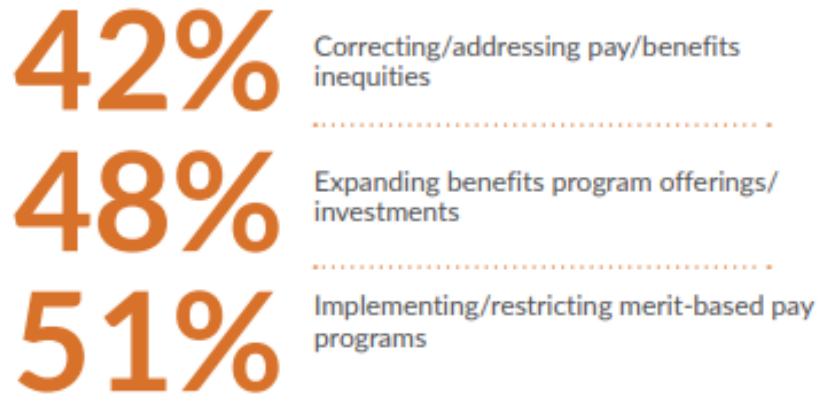


Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

TOTAL REWARDS / TALENT ANALYTICS SPECIFICS:¹

Top Three Total Rewards (Compensation and Benefits) Priorities



Top Three Talent Analytics/Metrics Priorities

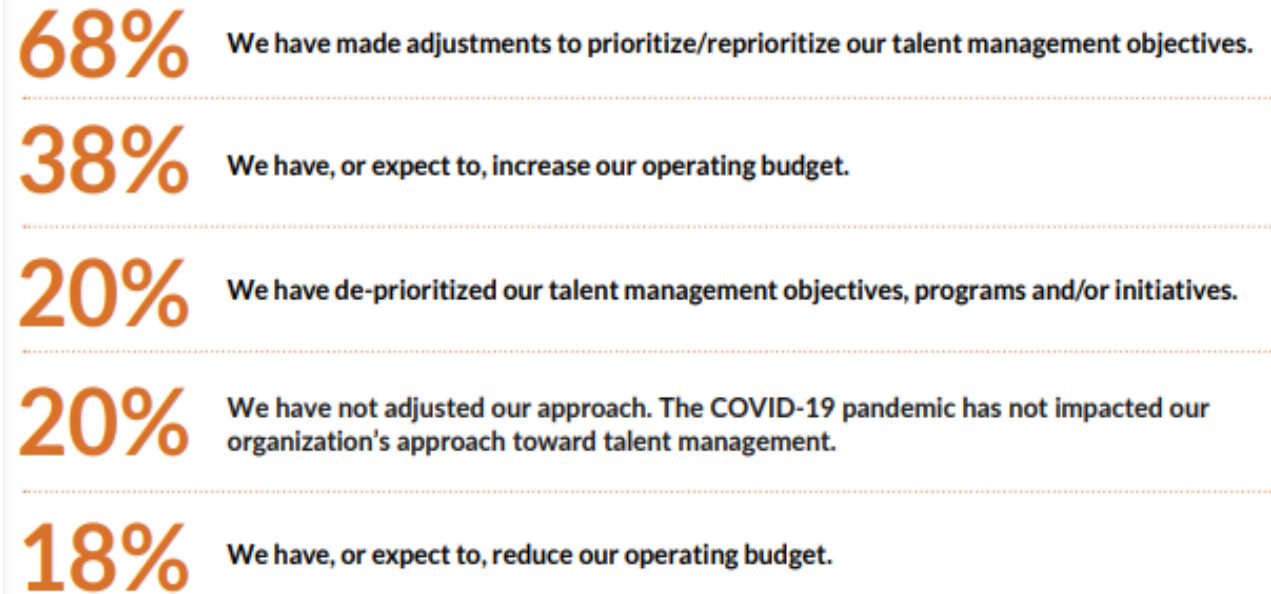


Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

There is a wide variation in response by organizations regarding the impact of the pandemic on talent management strategy

Ways the COVID-19 crisis has impacted budget/talent management objectives of respondent organizations:¹

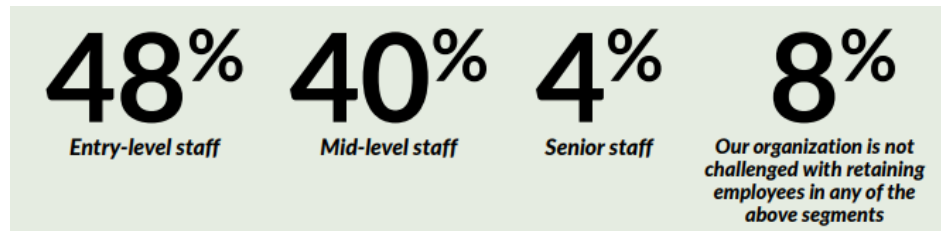


Note: Percentages are of companies responding

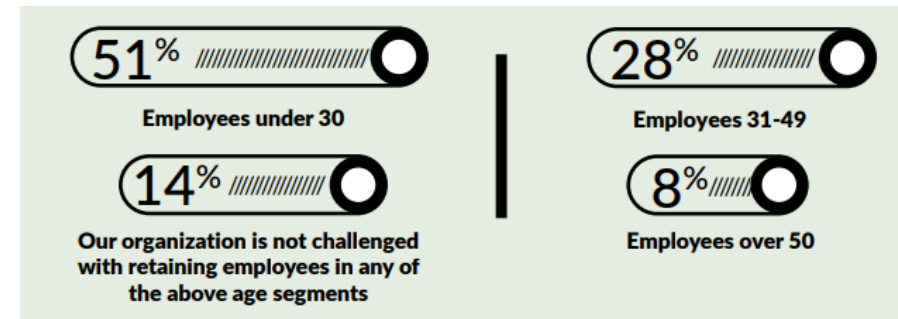
MARKET TRENDS AFFECTING NONPROFITS

RETENTION DIFFICULTY BY CAREER LEVELS AND AGE :²

Career Levels



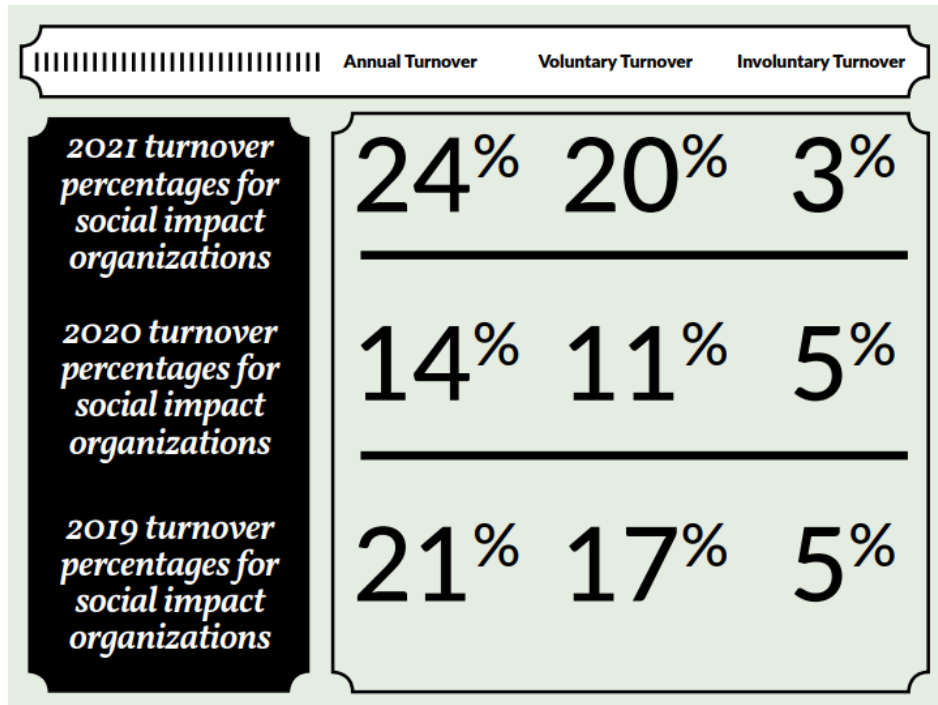
Age Group



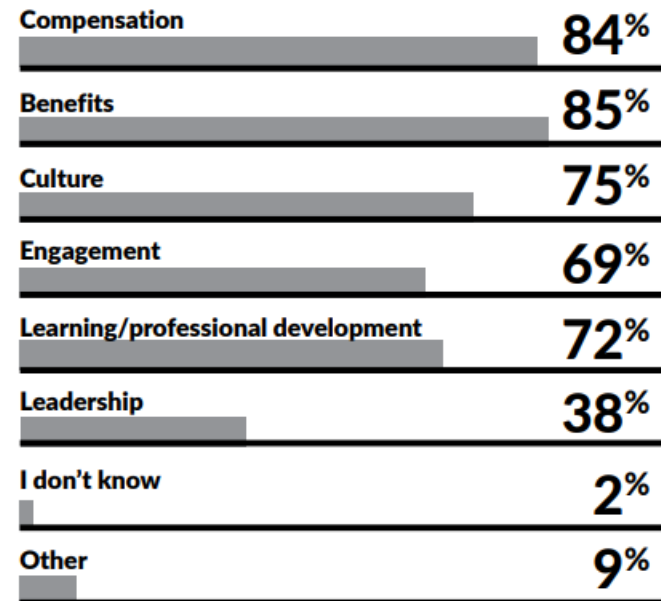
Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

3 YEAR TURNOVER STATISTICS HISTORY:²



PRIMARY REASONS FOR VOLUNTARY TURNOVER



Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

TOP 5 FUNCTIONS NEGATIVELY AFFECTED BY TURNOVER:²

- 1) Program: 41%
- 2) Operations/Admin/Facilities: 9%
- 3) Education/Professional Devp.: 7%
- 4) Mktg./Commun./Public Affairs: 7%
- 5) IT/Technology: 3%

Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

RETENTION METRICS AND TACTICS:²

Quantitative Retention Metrics Tracked

- Turnover: 96%
- Tenure: 65%
- 1st Yr. Resignation Rate: 51%
- Regrettable Turnover Rate: 30%
- Cost of Turnover: 16%

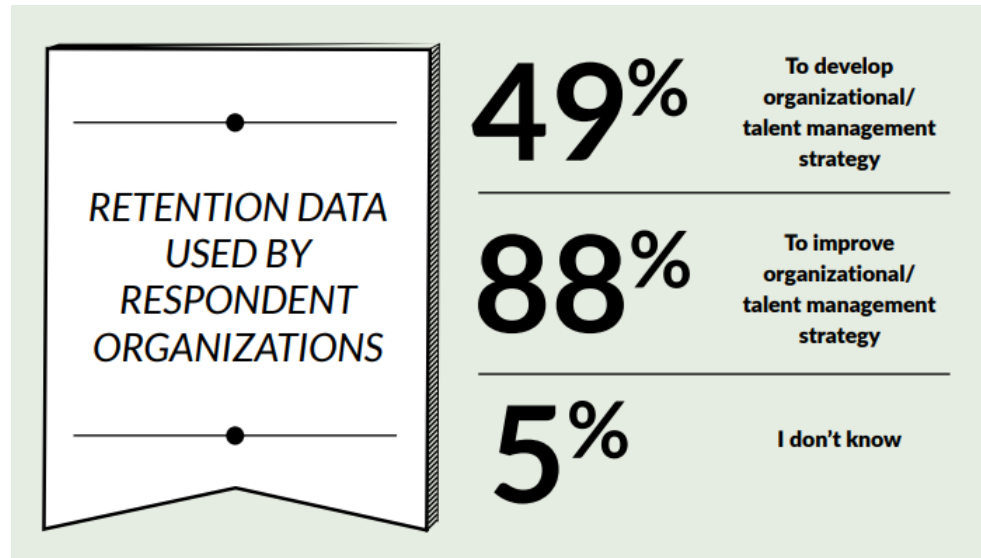
Qualitative Retention Metrics Used

- Exit Interviews: 91%
- Effective Onboarding: 68%
- Engagement Surveys: 68%
- Recognition Programs: 63%
- Climate/Culture Surveys: 51%
- Stay Interviews: 33%
- Retention Bonuses: 25%

Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

RETENTION METRICS AND TACTICS:²



Note: Percentages are of companies responding

MARKET TRENDS AFFECTING NONPROFITS

STAFFING VACANCIES BY SERVICE CATEGORY:²

Subsector Category	Percent Impacted	Staffing Deficit
<ul style="list-style-type: none">• Public/Societal Benefit• Religion-Related	20%	26% to 50%
<ul style="list-style-type: none">• Health• Education	15%	26% to 50%
<ul style="list-style-type: none">• International, Foreign Affairs• Religion-Related	12%	51% to 75%
<ul style="list-style-type: none">• Education• Public/Societal Benefit	9%	51% to 75%

MARKET TRENDS AFFECTING NONPROFITS

EXPANSION OF PROGRAMS AND SERVICES:²

Over the next 12 to 24 months, what is the likelihood your organization will participate in one of the following?

	Very Likely	Somewhat Likely	Somewhat Unlikely	Very Unlikely
Add new programs/services	29.24%	48.21%	17.06%	5.49%
Expand current programs/services, but not add any new ones	22.73%	39.95%	31.10%	6.22%
Maintain current programs/services but not add some new ones	20.65%	38.04%	32.13%	9.18%
Maintain current programs/services & add some new ones	20.96%	42.87%	26.59%	9.58%
Scale back some current programs/services & add some new ones	17.97%	37.60%	30.66%	13.77%
Eliminate some current programs/services & start some new ones	17.56%	36.81%	28.55%	17.08%
Eliminate some current programs/services but not add any new ones	17.70%	32.72%	26.91%	22.67%

MARKET TRENDS AFFECTING NONPROFITS

ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:²

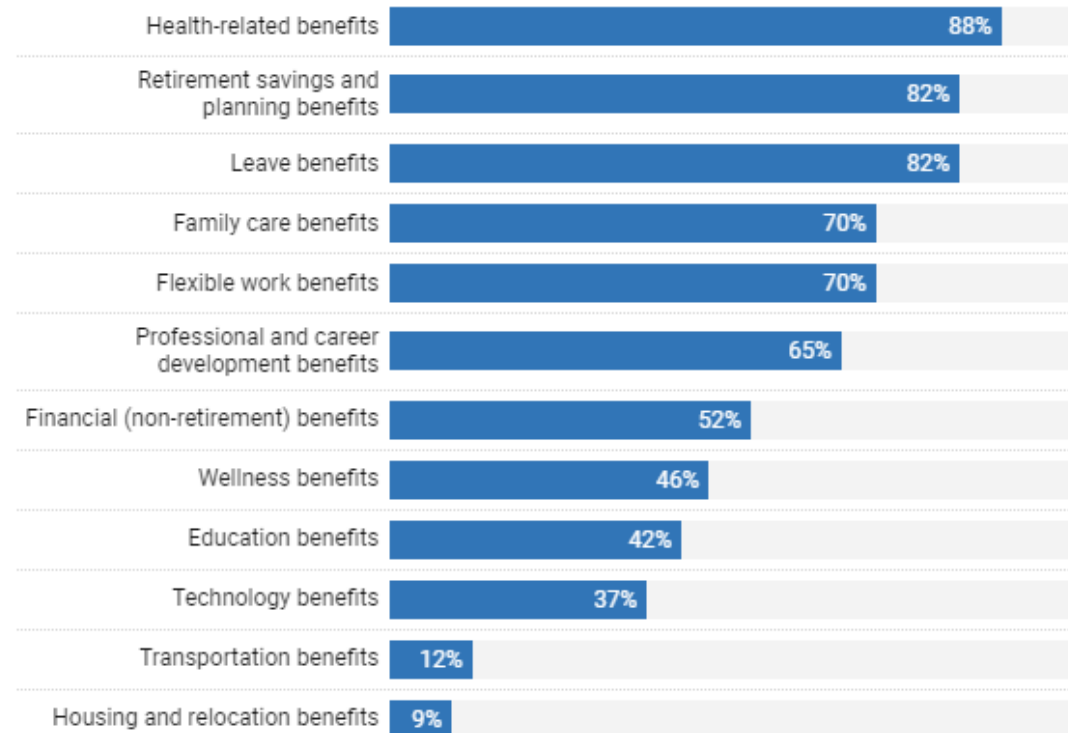
To compete with the private sector, organizations are increasing pay and adding other benefits, improving workplace flexibility, and emphasizing diversity, equity, and inclusion.

	Yes, Already Completed	In Progress Now	Not Yet, But May Later	No, & Don't Plan To
Increasing pay/benefits	32.58% 78.4%	45.82%	17.54%	4.06%
Increasing workplace flexibility (scheduling, remote office, etc.)	31.57% 67.5%	35.92%	24.98%	8.16%
Improving workplace diversity, equity, & inclusion	24.16% 71.3%	47.12%	22.24%	6.48%
Improving internal advancement opportunities	22.62% 63.7%	41.03%	27.45%	8.90%
Changing dress code to less formal	28.21% 57.3%	29.05%	24.70%	18.04%

MARKET TRENDS AFFECTING NONPROFITS

ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:³

Employer-ranked importance of benefit categories



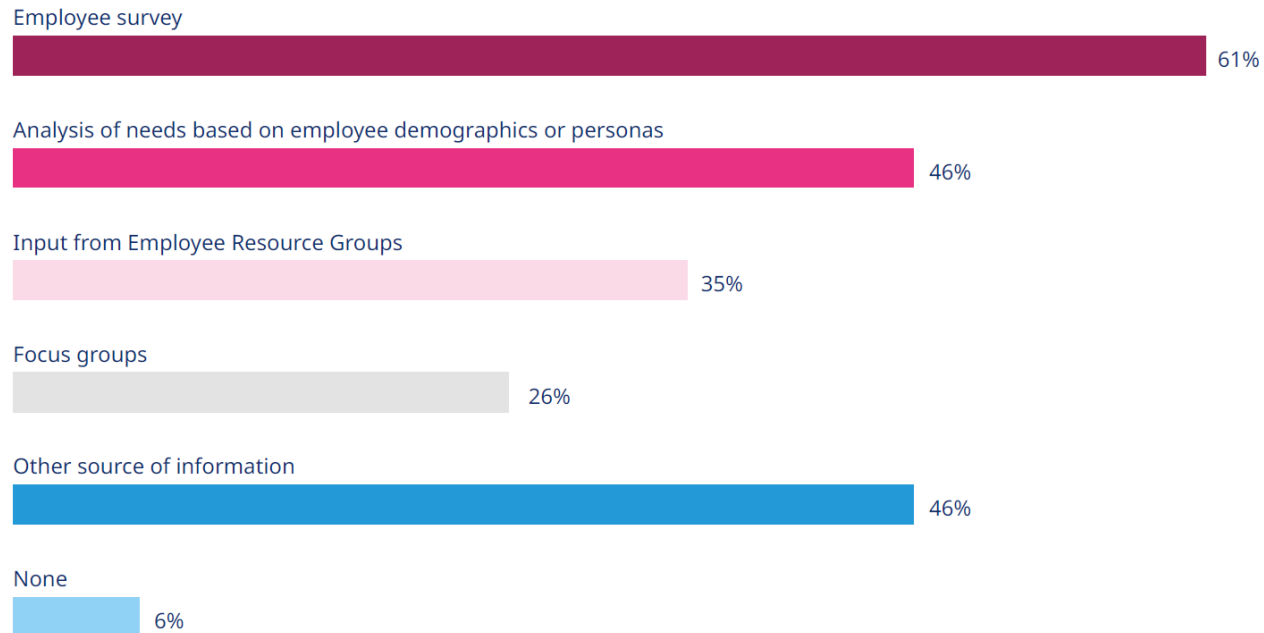
Percentages shown represent the number of employers who responded "very important" or "extremely important" to each benefits category.

Source: SHRM 2022 Employee Benefits Survey • Created with [Datawrapper](#)

MARKET TRENDS AFFECTING NONPROFITS

ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:⁵

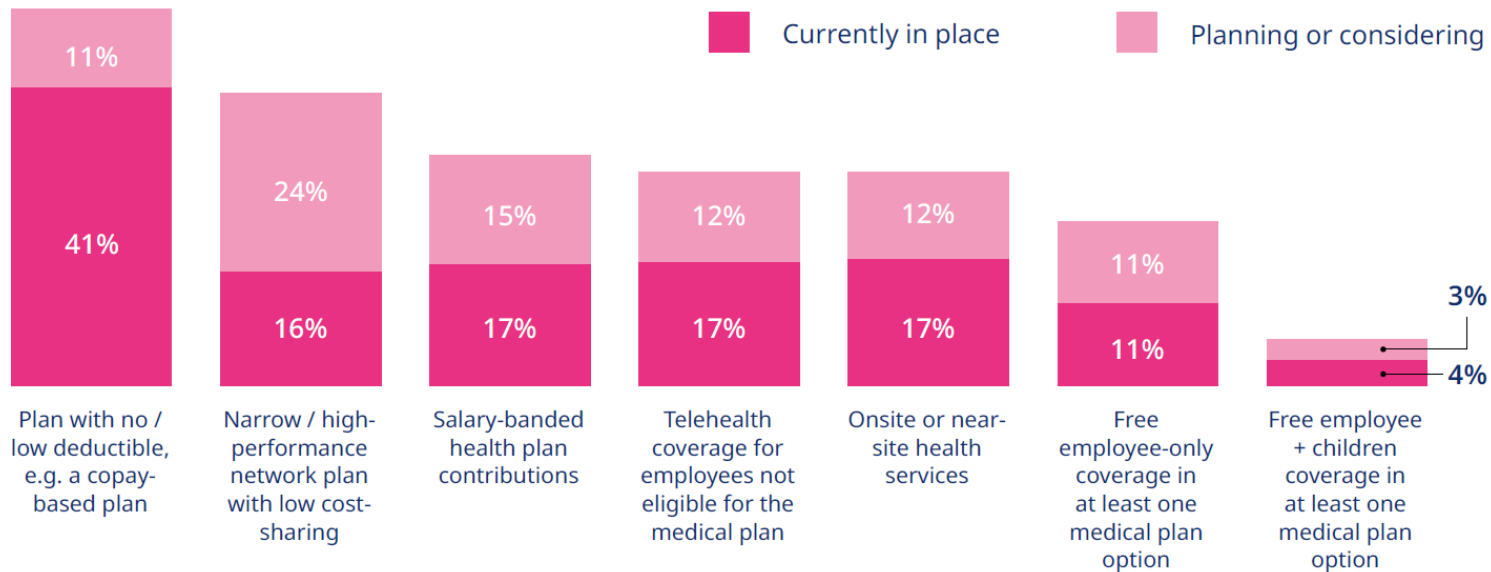
Determining employee needs and preferences



MARKET TRENDS AFFECTING NONPROFITS

ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:⁵

Improving health care affordability



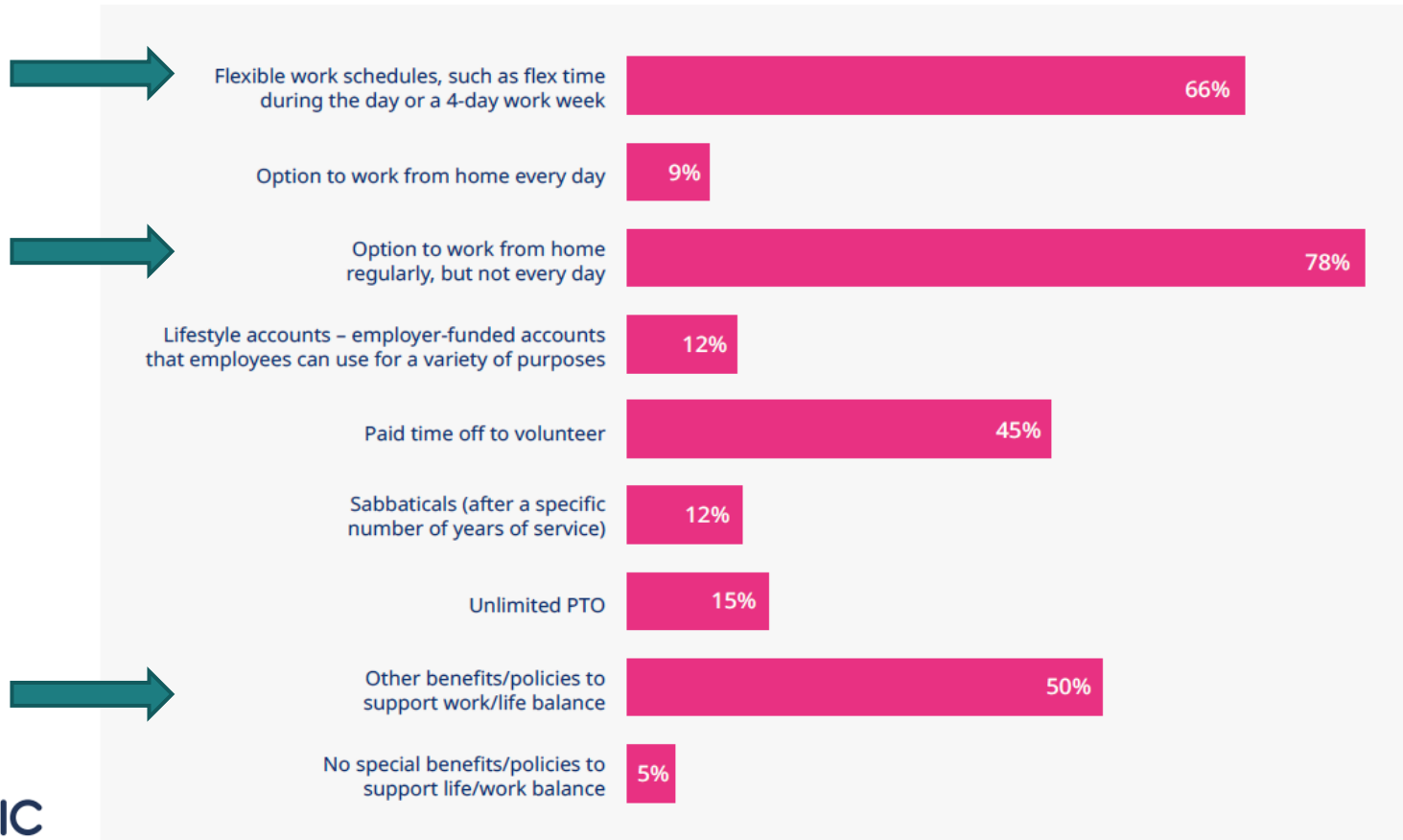
Just over one in ten large employers (11%) now offers a plan option that does not require any premium contribution, and another 11% are considering it. **While free employee-only coverage historically has been relatively common among small employers (29% currently offer it),** as we discuss in this blog post, it is a newer strategy for large employers. Employers in high-tech industries were early adopters, but more recently we've seen employers advertising free coverage for high demand/low supply jobs such as truck drivers.

MARKET TRENDS AFFECTING NONPROFITS

ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:⁵

Flexibility for better work/life balance

Offer or plan to offer in 2023



MARKET TRENDS AFFECTING NONPROFITS

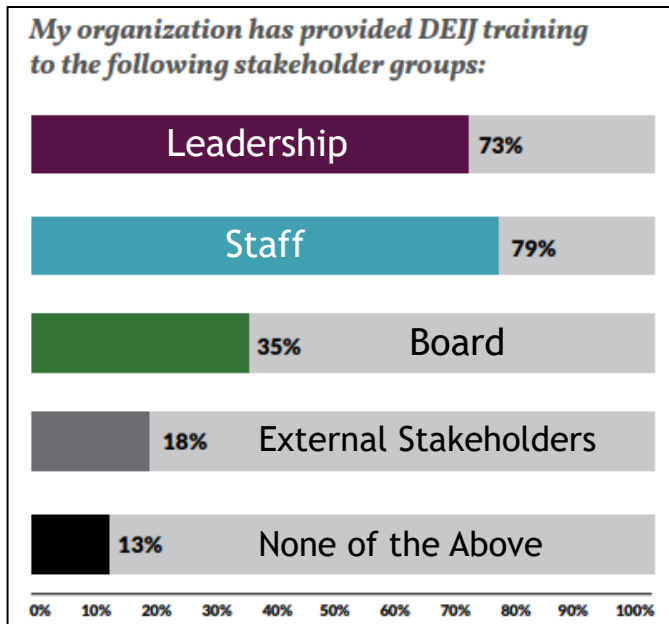
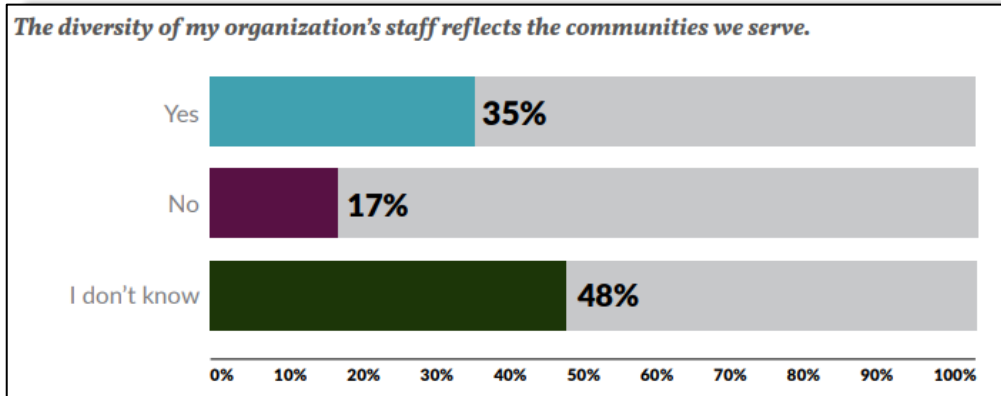
ACTIONS PLANNED TO IMPROVE ATTRACTION/RETENTION:⁵

Child care assistance

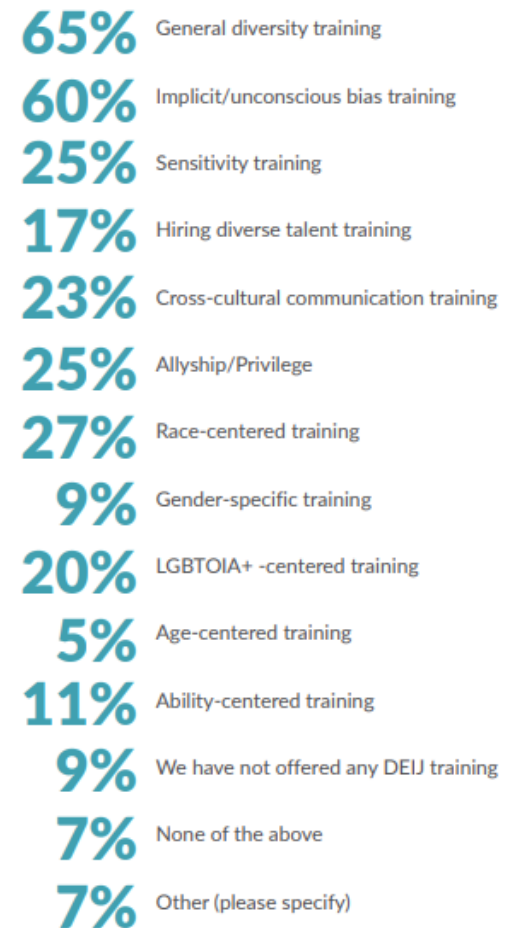
Child care referral/consultations	30%
Access to backup child care services	22%
Tutoring / educational support	17%
Subsidized child care services	13%
College coaching	12%
Special needs support	10%
On-site child care	9%
Child care cost reimbursement for business travel/working late/overtime	4%

MARKET TRENDS AFFECTING NONPROFITS

ROLE OF DIVERSITY, EQUITY AND INCLUSION :⁴



My organization has offered the following DEI training options:

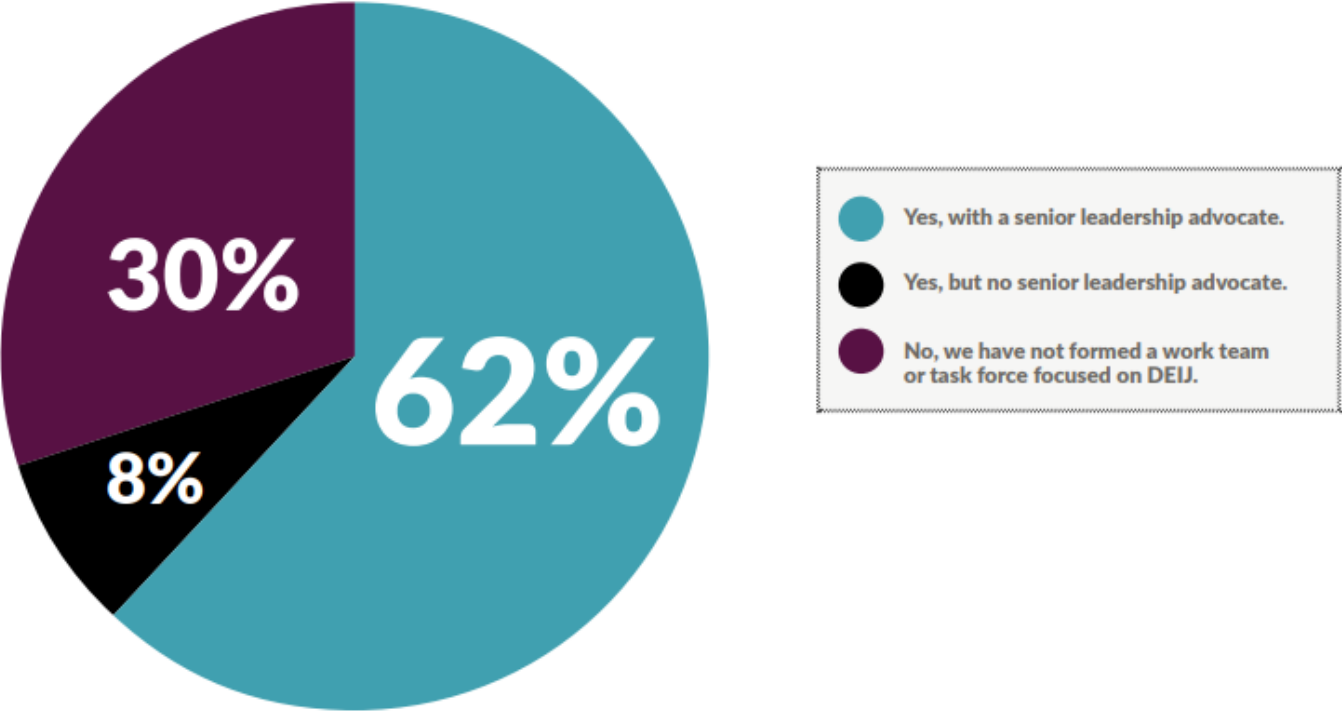


MARKET TRENDS AFFECTING NONPROFITS

ROLE OF DIVERSITY, EQUITY AND INCLUSION :⁴

Our organization formed a work team or task force focused on DEIJ.

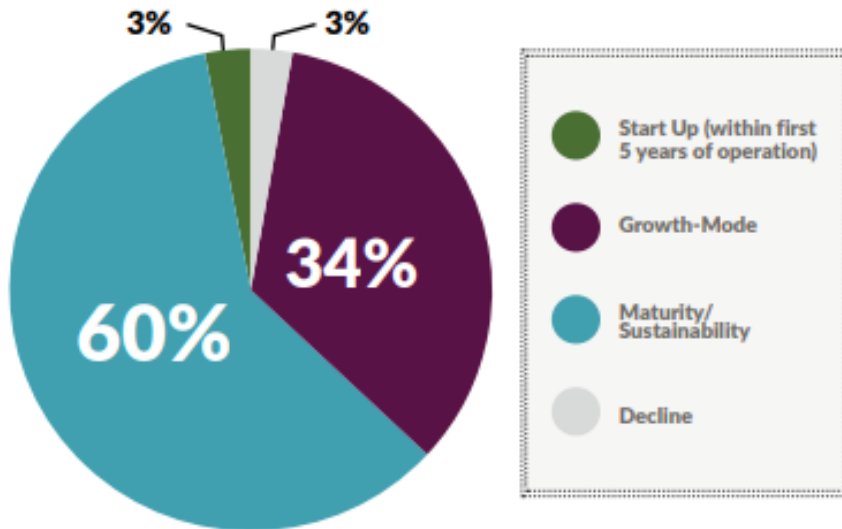
Respondents also indicated if there is a senior leadership advocate who sits on the team or task force.



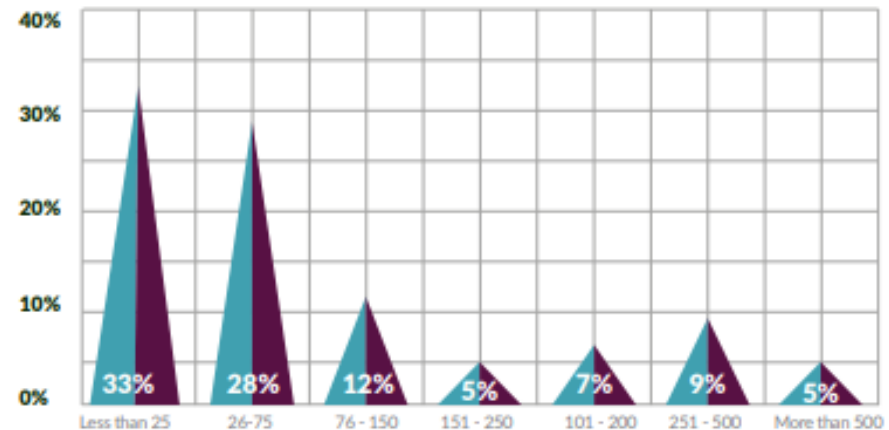
MARKET TRENDS AFFECTING NONPROFITS

ROLE OF DIVERSITY, EQUITY AND INCLUSION :⁴

How would you classify the stage of your organization's current lifecycle?



Employee counts for participating organizations:



MARKET TRENDS AFFECTING NONPROFITS

KEY FINDINGS FROM MARKET ASSESSMENT:

- **Talent management** is recognized as a **strategic priority** for the next several years
- Organizations have identified **diversity** in its recruitment practices as key to expanding their qualified applicant pool
- Implementing more competitive **compensation and benefits programs** has or will be undertaken by the majority of nonprofits to sustain or improve their ability to attract and retain employees
- Talent management **metrics** tracking are critical to improving employee attraction/retention

MARKET TRENDS AFFECTING NONPROFITS

KEY FINDINGS FROM MARKET ASSESSMENT (cont):

- Implementing **employee engagement/culture surveys**, recognition programs, exit interviews and effective onboarding are key to improving/monitoring employee retention
- **Flexible work** benefits is viewed as an important deliverable for increased engagement and employee attraction/retention
- **Professional and career development** are viewed as critical for employee retention

APPENDIX

DISCLAIMER

The contents contained in this presentation are for informational and educational purposes only based on published available online sources. While Iconic Rewards deems these sources to be of high integrity, Iconic Rewards does not make any guarantee or other promise as to the accuracy of information compiled and/or presented in these available sources and does not assume and hereby disclaims any liability to any party for any loss, damage, or disruption caused by use of this information. Iconic Rewards does not assume and hereby disclaims any liability to any party for any loss, damage, or disruption caused by errors or omissions, whether such errors or omissions result from accident, negligence, or any other cause.

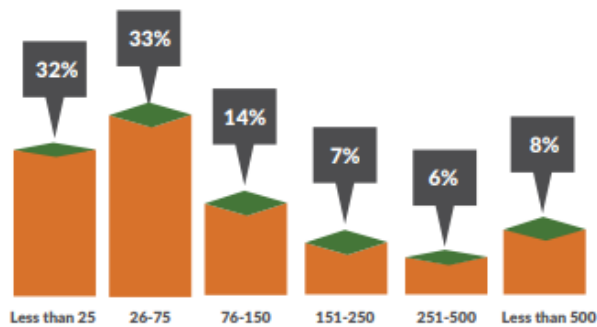
SURVEY DATA SOURCES

Data Source 1: **NonprofitHR**

Talent Management Priorities for 2022.

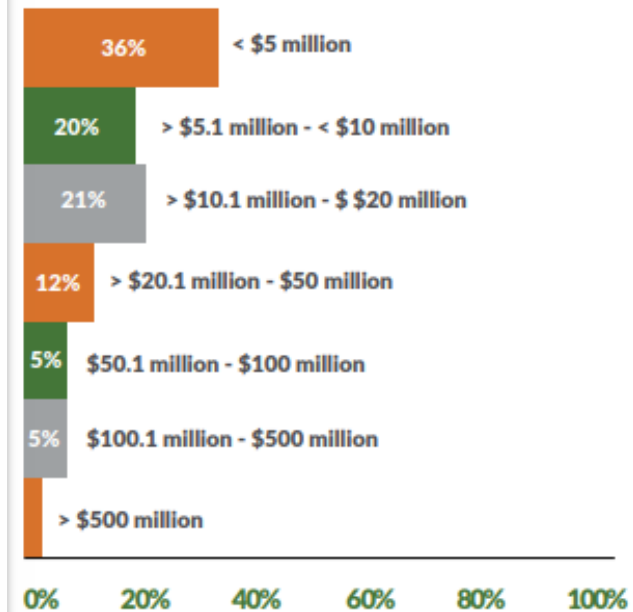
- 400+ Nonprofit Organizations across 38 states
- Education: 12%
- Children & Family: 8%

Employee counts for participating organizations:



SURVEY PARTICIPANT DEMOGRAPHIC DATA

Average operating budget of survey participants:



SURVEY DATA SOURCES

Data Source 2: **NonprofitHR**

2022 Social Impact Talent Retention Practices Survey

- 400+ Nonprofit Organizations across 36 states

SURVEY RESPONDENT DEMOGRAPHICS

Startup (within first 5 years of operation) - 2%

Growth - 37%

Maturity/Sustainability - 57%

Decline - 2%

RESPONDENT ORGANIZATIONS' OPERATING BUDGET

Less than \$5 million - 34%

\$5.1 million - \$10 million - 22%

\$10.1 million - \$20 million - 18%

\$20.1 million - \$50 million - 15%

\$50.1 million - \$100 million - 7%

\$100.1 million - \$500 million - 3%

More than \$500 million - 1%

RESPONDENT ORGANIZATIONS' HEADCOUNT

Less than 25 - 26%

26-75 - 34%

151-250 - 17%

251 - 500 - 9%

More than 500 - 5%

SURVEY DATA SOURCES

Data Source 3: **SHRM**

2022 Employee Benefits Survey

- Survey conducted from 1/11/22 to 2/8/22
- Responses gathered from 3,129 organizations
- Company sizes ranged from 2 to over 25,000 employees and represented a wide variety of industries throughout the U.S.

SURVEY DATA SOURCES

Data Source 4: **NonprofitHR**

2022 Diversity, Equity, Inclusion and Justice Practices Survey

Respondents Represent:

- 588 Respondents
- Dozens of Participating Mission Areas
- Budget Ranges for Survey Respondents < \$5 Million – > \$500 Million
- Organizations from 40 U.S. States and Canada



12%

Children, Youth & Families



11%

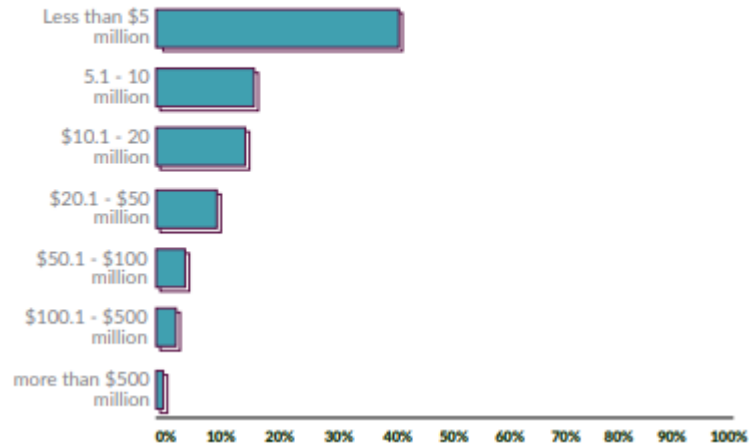
Human Services



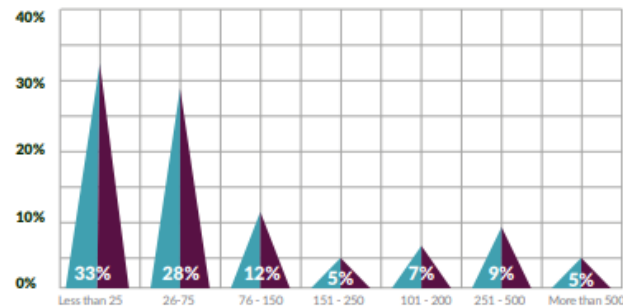
10%

Education

Average operating budget of participating organizations:



Employee counts for participating organizations:



SURVEY DATA SOURCES

Data Source 5: **Mercer**

Health and Benefits Strategies for 2023

The survey was conducted April 26 – May 13, 2022.
A total of 708 ,organizations participated.

Fewer than 500 employees	36%
500-4,999 employees	46%
5,000 or more employees	18%

NOTE: Because results vary by employer size, rather than report aggregated results combining all sizes, the graphs and tables in this report are based on the 451 organizations with 500 or more employees (all large employers). We note in the text where the results for either small employers (fewer than 500 employees) or very large employers (5,000 or more employees) vary most significantly.