Employee Motivation and Retention: Applicable Research and Implications for Nonprofit Organizations

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Employee motivation and retention are vital aspects of business management and organizational behavior. What determinants keep people in their jobs for thirty or forty years? What encourages them to move on after shorter periods of time? One could argue that a person’s personality plays a role into longevity and their ability to remain in one role for a long time. But, once could also contend that people stay based on the impact of career development efforts and an increase in professional opportunities over time.

In the nonprofit sector, employees may be motivated by things which differ from a for-profit employee. Williamson (as cited in Smith & Shields, 2013) maintains that social workers “integrate a sense of altruism and idealism with their career objectives.” Results from Smith & Shields (2013) demonstrated that the pay of social service workers is undermined by daily interactions and experiences with clients. This paper will seek to highlight current research that may positively impact nonprofit organizations while identifying future needs for research and practical application.

Much of the nonprofit research on employee motivation and retention strategies has been conducted in countries outside of the United States. Based on cultural variances, such as individualistic versus collectivist societies, results may not always identify issues of transferability from one place to another. Yet, it is important to note that the research exists while stressing the need for additional study. Nonprofits may experience more unique challenges in the areas of motivation and retention not just due to fiscal restraints, but also because of the potential for burnout based on the high demands of nonprofit positions.
Employee motivation can be linked to job performance and organizational commitment. Smith and Shields (2013, Figure 1) conceptualize that demographics, maintenance characteristics, and motivation characteristics are all determinants of job satisfaction. Historically speaking, motivation can be generally defined as a person’s reasons for behaving in a certain way. The design of an individual’s work can be cause for increased interest, or a lackluster facet of potentially decreased productivity. Herzberg’s work, as cited in Hackman and Oldham (1976) identified several motivating factors which hypothesizes that many aspects of employee satisfaction are intertwined with the actual work being done. The main factors are: recognition, achievement, responsibility, advancement, personal growth, and competence. Herzberg’s work also identified processes by which employees were more likely to become stagnant in their motivation: pay scales, working conditions, and bureaucratic policy. Hackman and Oldham (1976) maintain that Herzberg’s theory is limited by its inability to actually measure a person’s motivating factors. The very concept of motivation is superficially difficult to assess due to its subjective nature, yet some scales have demonstrated validity.

Another theory pertaining to motivation and job design is activation theory. This theory argues that mental arousal is essential for a person’s ability to function at a high level. Research by Scott (as cited in Hackman & Oldham, 1976) indicates that this theory may be helpful for individuals who work in a repetitive environment. Examples of repetitive work include processed food assembly lines, stocking shelves in a grocery store, or dispensing medication in a pharmacy setting. Hackman and Oldham (1976) assert that the biggest issue with activation theory is that it is too ambiguous when describing the changing levels of workplace stimulation. Introduce a higher degree of change within the work setting, such as working at various stations
throughout a shift, and the variation may create additional difficulty when attempting to measure
the connection between mental arousal and level of functioning.

Another consideration for employees working in repetitive environments is the role of
employee involvement. Some people prefer to remain in routine jobs, for whatever reason, and
thus the concept of job enrichment or employee involvement policies have not made much of an
impact in the United States (Lawler & Finegold, 2000). Many jobs have been outsourced due to
lower costs associated with parts and labor. This has resulted in a decrease in repetitive
employment, at least in assembly type jobs. In positions where job design has a greater degree of
variance, the practice of employee involvement has become standard procedure. Still, research
consistently demonstrates that employees perceive they have autonomy in their work, also
known as element of choice (Patrick, Smy, Tombs, & Shelton, 2011). Additionally, employees
who make conscious decisions about their profession are more likely to show positive effects on
training motivation. They will seek out trainings that are interesting or pertinent to their work.

In the human services field, trainings that are pertinent to one’s position are a common
theme. Human service workers, in this writer’s experience, tend to want applicable knowledge
and practices that can be implemented immediately. The use of social stories in autism, for
example, is extremely applicable to the Work Experience Program at Goodwill Omaha. Clients
in this particular program are more likely to have autism than be affiliated with gangs. Thus, the
impact of gangs is not generally relevant to the program’s work. Thus, this writer hypothesizes
that employees associated with the Work Experience program at Goodwill Omaha would choose
to attend the autism training instead of a gang training. Additional research would be required to
validate this theory. Overall, autonomy in training appears to demonstrate a deep commitment
level to one’s work, and may positively relate to employee motivation.
While activation theory and motivation theory both draw inferences between job characteristics and performance, neither theory explains the bond any further. In order to identify this connection and its pertinence to workplace motivation, especially in an attempt to identify a definitive link, Hackman and Oldham (1976) tested the Job Characteristics Model, which attempts to add structure to the connection between individual characteristics and work motivation. Five core dimensions are identified as part of the model: skill variety, task identity, task significance, autonomy, and feedback. These dimensions are posited to influence three psychological states: experienced meaningfulness, experienced responsibility, and knowledge of results. This model is extremely detailed, yet it demonstrates the degree to which the five factors impact the employee overall.

Providing employees with challenging work serves as a motivating tool, especially when the employee is given the responsibility of seeing the task through to completion (Laamanen, Broms, Hoppola, & Brommels, 1999). Professionals in the human services field are often called upon to work on temporary grant projects which may or may not lead to a permanent program. Even if the permanent program is established, there is some debate over the duration in relation to the term “permanent.” Concerns about job security and longevity are realized when funding cuts or policy changes occur with little notice. Individuals who take on these roles often have the ability to look beyond the risk of one’s own job security and focus on the needs of others. Intrinsic motivation serves as the reason to which an individual invests his or her time and effort; usually this is because they find it interesting, satisfying, or personally challenging (Dess & Picken, 1999).

Managers should understand that in general, employees are highly motivated when they rank high on the five core dimensions (Hackman & Oldham, 1976). It is important for managers
to not only understand factors of motivation, but to learn about the individual motives of their staff. Employees who don’t receive adequate and thorough training often experience confusion or frustration when changes occur, or when they are presented with unfamiliar situations with no clear solution. Additionally, it is wise for human resource policies to provide opportunities for employees to identify or increase their motivation levels. Whether it entails bringing in a massage therapist to alleviate job-related stress or developing a short film on a client success story, companies can use creative approaches to increasing motivation among all staff. Providing adequate training plays into this concept by preparing employees for upcoming changes. Knowing one’s staff comes into play here, as managers can provide relevant suggestions or programs to boost staff motivation.

In nonprofit organizations, there is an increased risk of financial distress as an organization. Funding is not often secure for long periods of time, and there can be instances of uncertainty along with the risk of losing one’s job security. Based on political climate or funding sources, nonprofits have to rebrand and refocus more often than other types of businesses. There is also a good chance that dramatic changes are made from time to time in order to account for changes in legislation or public policy.

Laamanen et al., (1999) found that staff training, goal information, and increasing skills requirements were all associated with work motivation when key changes are made. In order to navigate the change process, especially when funding changes occur, creativity is essential to gain a competitive edge and garner new support. Human service staff and administrators who engage in creative planning process are often able to increase their workplace motivation. Jaskyte and Kisieliene (2006) found that employee creativity was positively related to intrinsic motivation. Thus one might argue that when employees are encouraged to unleash their creative
potential, they feel a deeper sense of devotion to their work. Creativity was also positively connected with aspects of job design, which may positively influence workplace culture.

In order to keep up with the demands of work-life balance, policies must evolve to stay abreast of changes. Employees are increasingly responsible for more and more things in their personal lives; we live in a world of demanding commitments. Working mothers have children to care for while men are also becoming more conscious of their responsibilities outside of the office. Corporations who are able to provide some degree of flexibility are becoming more popular, especially within fields of business where this is feasible. Companies are developing these policies and procedures for the following flexible working conditions: working from home, flexible scheduling, and on-site services such as childcare, barbershops, and concierge (Lawler & Finegold, 2000). Despite the development of such policies, it appears that many employees are not utilizing these perks yet.

In the human services sector, the most realistic aspects of this concept are likely to be flexible scheduling and the ability to work from home on occasion. Of course, any sort of client interaction is most appropriate when conducted in an office or other meeting location. Strict parameters barring client contact at the employee’s home must be upheld for ethical purposes. Human services professionals may be able to complete documentation portions of their jobs from the comfort of their home, or they may be able to flex their schedule around appointments and meetings in order to achieve a better work-life balance.

Overall, employee motivation is an ongoing process with many unique challenges. Managers and employees alike can work together to maximize outcomes and achievements. One channel of encouraging continued motivation over time is the concept of a sabbatical.
Sabbaticals can be defined as any recurring period of rest or renewal (Carr & Tang, 2005). Historically thought of as tenured professors who need to get out of their offices for a long period of time, sabbaticals have been revisited in recent literature as a means of boosting motivation and retention upon return. High levels of work related stress are associated with higher levels of absenteeism, turnover, low morale, and decreased productivity (Carr & Tang, 2005). Sabbaticals provide a promising outlook to these issues; when implemented with care and concern for the organization’s financial commitments and potential staffing issues, there is evidence that they are effective in generating high morale and increased revenues upon the employee’s return.

Due to the exorbitant costs of keeping an employee on payroll during sabbatical, the use of sabbaticals is highly unlikely to be feasible in the nonprofit sector. There is a great opportunity, however, for employees of sabbatical-utilizing companies to experience the nonprofit world firsthand. Volunteering is a popular component of sabbaticals (Carr & Tang, 2005), and this experience may also prove a beneficial thing for employees of the nonprofit organization. Nonprofit employees may experience any number of outcomes as a result of working with a volunteer who happens to be on sabbatical from a for-profit job. Nonprofit employees may feel a newfound appreciation for their own profession, and they may seek to achieve new levels of success in their current organization. On the contrary, the nonprofit employee may realize that they would like to explore a career option outside of the human services field. In this last case, an employee may leave for a variety of reasons, but one of those reasons may be unresolved issues related to burnout.

High rates of turnover can have a detrimental effect on the entire organization. Arnold (2005) argues that when employees are preparing to resign, their productivity and commitment to
their work and the overall organization drops off. Coworkers have to pick up the slack, so to speak, and this can create resentment among peers. Turnover in the human services field is a real problem, especially when burnout prevention is not effective or available on a regular basis. Improving employee retention rates through effective human resources procedures can increase an employee’s productivity and provide them with opportunities to produce higher quality work (Arnold, 2005). This newfound motivation can lead to additional opportunities within the organization, either by remaining in one’s current position and taking on new project, or by seeking advancement. Managers in human services who see potential in their employees should be honest and open about their intentions with regard to coaching and empowerment. When employees are experienced and trained, managers can also operate more efficiently with a larger span of control (Arnold, 2005). We have thoroughly discussed motivation and its importance to organizations, thus we must examine retention policies more thoroughly.

In order to retain motivated, high quality employees over an extended period of time, managers must strategically implement processes across a variety of issues. Burnout and turnover are real possibilities, especially in the nonprofit sector. Dess and Picken (1999) noted that talented employees are like “frogs in a wheelbarrow.” This is a general way of saying that talented employees will leave if they feel the need. Employers who want to keep talent within their organizations, and thus maintain their competitive edge, need to figure out how to keep the frogs from hopping out of the wheelbarrow.

Arnold (2005) presents a human resources management guide which addresses the management challenges in the work environment. He stated that managers are challenged with creating a motivational environment while accomplishing objectives through effective management. Fostering a competitive work environment is important when vying for the best
employees, and managers are also tasked with the development and empowerment of these employees. High employee motivation is essential for maintaining the competitive edge (Arnold, 2005). Employers want to hire the best, and many do not hesitate to share this aspect of their hiring processes. Gubman (2003) revealed that of the Fortune’s 100 best companies to work for, organizations overwhelmingly hired people who fit in with the company’s beliefs and values. Looking at company culture, current employees, and style of operations were all considered when making a new hire.

In the human services field, these concepts can be exemplified by effective human resource policies, training and development that is applicable and interesting to the employee, rigorous interview processes to assess person-organizational fit, and competitive compensation plans across comparable positions. In the healthcare field, the need for retention programs is apparent. Abrams (as cited in Barney, 2002) reported that half of all U.S. hospitals do not have an active employee retention program in place. Additionally, more than half of all U.S. hospitals do not even report their turnover rates. Considering that human services comes into play in hospital settings, such as hospice and social services, it is important to note that these gaps exist. People tend to stay in an organization when they feel their work is meaningful, when they believe their potential is fulfilled, and when they feel a sense of community (Barney, 2002).

Arnold (2005) presents several thoughts about human resource planning for retention purposes. Managers should be able to forecast, with accuracy, trends within the organization and the field as a whole. In the human services sector, this includes paying attention to governmental dealings which may impact policy, as well as the activities of non-governmental funding sources. While not always accurate, they may be able to predict the need for staff, services, technology upgrades, and future training (Arnold, 2005). An example of good planning would be an
employee with many years of experience being promoted into a program management for that position. This individual has never led a team of professionals before, therefore the new manager completes an extensive training program as part of his or her new duties. Another example of good planning would be for an agency who has written a grant for a new program; tentatively identifying current employees who may be qualified to merge into the new program if funding is received. Or, they may have job descriptions and hiring announcements ready to be posted as soon as funding is received and the program can begin implementation. Both of these are examples of appropriate human resources foresight.

Alternatively, inadequate planning can lead to frustration, discouragement, and even disastrous outcomes (Arnold, 2005). Over-hiring is a prime example of poor human resources planning; layoffs can lead to a negative perception on the entire company. Of course, not all over-hiring can be predicted or identified easily, but human resource managers should take precautions when hiring in bulk. Layoffs create a climate of uncertainty (Arnold, 2005), which can negatively impact the company’s profits and reputation in the community. Other examples of bad planning include lack of quality staff, overly cautious hiring, and significant increases of cost without matching revenues.

Another important factor of employee retention is the initial hiring process (Arnold, 2005). Employers should be very selective of employees who present as a good fit for the organization (Barney, 2002); this not only benefits the organization in their quest to achieve a desired culture, but also creates an opportunity for “the right person” to feel like they belong in their workplace. Hiring the right person also pertains to matching the right person with the right position; if a person is a good fit for the organization, but not a good fit for the program or department, then it may be wise for hiring managers to look at other opportunities which may be
a better fit. According to Dess & Picken (1999), hiring is one of three vital components of building and leveraging human capital. Employees must be developed in all positions and levels in order to maximize the company’s potential. Without this developing workplace, the company will cease to provide the necessary intrinsic and extrinsic rewards sought by employees. Without those motivations, employees will not reach their full potential.

When this writer was first interviewed by Goodwill Omaha in 2008, the initial application was submitted for a case management position in the Partnership for Youth Development program. After interviewing, the hiring manager contacted this applicant about another opportunity which was a better fit in terms of education and experience. The field of human services is very broad, and at times it can be difficult for an applicant to cross specialties. For example, an applicant with extensive experience in mental health may struggle to get hired on as a case manager for an adoption agency.

Whether making a new hire or promoting an existing employee, it is important to consider many aspects of a person when assessing a person’s overall fit within the organization. Arnold (2005) suggests assessment of skills, abilities, knowledge, personality, and interests. Hiring managers should be honest and open about what the job will realistically look like, from overtime requirements to everyday tasks. This process should ideally include highly structured interviews, multiple interviews with several existing organizational staff, assessments and testing, as well as pertinent background checks.

For managers who are in the process of identifying potential promotions, Arnold (2005) suggests the use of an employee replacement chart. This system provides managers with a way of identifying in-house candidates who may be interested and allows their promotion potential to
be charted. It is also important for the employees identified by the chart to be aware of its existence.

Once the employee has been hired or promoted, a well-rounded orientation procedure should be provided without question. Arnold (2005) maintains that adequate orientations increase motivation over time and lower the likelihood of turnover. Barney (2002) suggests the development of a welcome plan to run simultaneously with the orientation procedures because the first year for a new employee is critical. Managers should also create opportunities for new employees to socialize across departments. Providing the employee with autonomous control over their training is likely to impact the individual’s intrinsic motivations, thus positively impacting their motivating performance (Patrick et al., 2011).

Another helpful aspect of orientation is the establishment of a mentor-mentee relationship. Mentoring relationships can also have a positive impact on retention, with the mentor assisting the employee with the adaption of a new position. Managers should also review the job description with their new employee, taking time to explain organizational policies, socialize the individual into the work group, and provide background information on any critical issues within the work setting (Arnold, 2005). Thorough orientations lead to cost savings over long periods of time, especially when employees are retained.

One of the most important aspects of working in human services is the ability to confide in coworkers and trusted mentors as a method of preventing burnout. Working with individuals who are downtrodden and ignored by the majority of the population is rewarding and stressful at the same time (Chiller & Crisp, 2012). Working in this field is emotionally draining; developing effective methods of expression for social workers who experience pre-burnout symptoms is
essential for retention. Chiller and Crisp (2012) found that supervision was noted by social workers as “vital” for wellbeing in the workplace. Managers of social work professionals who serve as a listening ear, mentor, and confidant are an important forum for the mental health of their employees. Smith and Shields (2013) demonstrated that supervisory relationships were major factors in the job satisfaction of social workers. Unfortunately, many participants in this study also reported lack of supervision at some point in their career. This writer has experienced both types of supervision, and agrees that having an outlet, even just to express frustration over a situation, is helpful and cleansing for the mind.

Almost equally important to supportive supervision is the informal support of lateral coworkers. Chiller and Crisp (2012) noted familiarity and protective qualities to these relationships, which serves as a helpful support system when dealing with high levels of stress and frustration. The relationship between colleagues is important in most jobs, but the importance appears magnified in the human services field. In the for-profit world, teamwork is often assigned via task groups and work groups. Relationships between coworkers in these settings are important for the overall motivation and commitment of employees (Dess & Picken, 1999). Chiller and Crisp (2012) also maintain that agencies which provide regular supervision to their professional staff are more likely to retain them. Building positive relationships between human beings is never a bad thing, and it can achieve additional understanding, tolerance, and education. Rantz, Scott, and Porter (1996) found that the development of encouraging work relationships was positively related to effective management strategies which target employee motivation.

Once new employees become accustomed to their position, a systematic review system should be in place to guide, support, and praise the individual. Employee appraisals are critical to
the identification of training needs, promotional potential, and employee development opportunities (Arnold, 2005). Employers should involve managers in the retention process, making them accountable for turnover rates. Managers should be provided with training on why employees leave and how to motivate them to stay (Barney, 2002). As part of this process, managers should actively work to identify the employee’s needs and establish methods of improving their performance. Appraisals can be effective in identifying training needs, as well as potential for promotion and additional development. Coaching and follow up procedures should also occur on a frequent basis so as to maintain accountability. Cross-training can also improve employee motivation because people learn new skills which increase their experience and marketability (Arnold, 2005). Employees who want to advance in the company are less likely to leave.

Pay for performance systems have been used in nonprofit organizations, causing much debate among researchers and professionals alike. Compensation systems can be defined as any arrangement of wages or benefits which comprise an individual’s salary (Brandl & Güttel, 2007). Pay for performance systems seek to increase extrinsic motivation, even though employee motivation depends on both extrinsic and intrinsic motivation. Employees who seek maximization of income and status are more likely to be attracted to for-profit companies, but loyal nonprofit employees may be attracted to the income maximizing potential of pay for performance systems.

In order to keep quality employees and attract new ones, any compensation plan should be competitive. Although salary is not always a person’s main working motivation, it is likely a high priority. Nonprofit compensation systems do not aim to achieve profit goals, so it is often assumed that nonprofit professionals are not driven by monetary goals (Brandl & Güttel, 2007).
Compensation needs to be motivational in nature for most employees; they need to be able to make a connection between their performance and paycheck. When employees are unhappy with their compensation plans, they tend to complain more about other issues and they also tend to leave (Arnold, 2005). We’ve already established that human service workers tend to be more motivated by selfless factors, yet there is a need for fair pay based on one’s job duties. One of the biggest challenges in nonprofit organization is the procurement of adequate funds in order to pay competitive wages and benefits. Researching job market data on wages and tying incentives into organizational goals are two ways that employers can develop competitive pay structures (Arnold, 2005). This is generally an accepted practice in the human services field. Providing flexible benefits packages is also an attractive feature, so that the employee can choose the appropriate coverage for his or her situation.

Motivation and retention are important topics in organizational behavior because effective strategies lead to increased productivity and performance. Conversely, poor retention strategies lead to decreased productivity, lower organizational commitment, and higher rates of turnover. People experience a variety of intrinsic and extrinsic rewards as part of their employment; this likely varies between sectors. High turnover damages every aspect of an organizational team, department, or company. Managers who implement more effective selection and placement systems in their organization are significantly more likely to improve employee retention (Arnold, 2005). Losing a quality coworker can dampen the spirits of otherwise motivated individuals, who are now left to take over the departed employee’s duties. Individuals who are left behind may feel resentment towards the departed employee or the employer who failed to implement an effective retention strategy. Individuals who are left behind may also decrease their own productivity.
Employees who remain motivated over time are likely to continue working for their employer. They operate at a high rate of productivity, and in for-profit companies, they positively impact the profits. In nonprofit settings, these highly motivated employees may or may not be more effective, depending on the kind of work they do. Employees may be motivated by a sense of altruism and purpose in their work; there may be spiritual ties to this facet. Little research has been devoted to a Christian perspective on workplace motivation, but in the nonprofit sector specifically, there may be a connection between one's intrinsic motivating factors and their desire to work with populations in need. Future research is needed to fully examine this concept.

For example, social workers who remain highly motivated over spans of time may or may not achieve positive outcomes with a majority of clients. Although the social worker may try earnestly to meet the client’s needs, outcomes ultimately come from the client and their own decision making process. Burnout is common in the human services field, and many people either leave or seek advancement with decreased client interaction. Some social workers may remain in the same position for years, though it is less common. When employees are motivated and productive, businesses can utilize manpower in a more successful manner, achieving the overall goals of the organization.
References


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