Study Shows Gaps in Nonprofit Management— and Ways to Improve

New research shines a light on ways to strengthen your management and hiring practices.

BY LISA WYATT KNOWLTON

A recent survey uncovered some areas of nonprofit management that need to be strengthened.[1] We can draw five important conclusions from the survey results:

1
EMOTIONAL INTELLIGENCE MATTERS.

Emotional intelligence often predicts success better than any other performance measure. Despite its enormous potential, it has been largely ignored by the nonprofit sector. One of the main goals of this survey was to explore the use of emotional intelligence in philanthropy.

Daniel Goleman brought the idea of emotional intelligence to popular attention with his books *Emotional Intelligence* and *Working with Emotional Intelligence.*[2] As he explains, a combination of competencies (skills) and attributes (personality traits) contribute to effectiveness in life and on the job. A list of the most essential competencies and attributes appears in Table 1, "Traits Used to Measure Emotional Intelligence."

The survey asked respondents to rank this list of competencies and attributes from 1 (low) to 5 (high) in importance to their work. Items rated most important by participants (in descending rank order) were: trustworthiness, conscientiousness, communication, commitment, and leadership. Items least important (in descending rank order) were: conflict management, emotional awareness, initiative, influence, and being a good catalyst.

In other words, respondents believed attributes were more important than competencies in effective performance. This conclusion matches other research, which tells us that selecting for attributes is an effective strategy for improving organizational performance. Yet the survey results show that respondents aren't giving much weight to such attributes in recruitment or development.

Recommendation: When hiring staff, nonprofit managers would do well to pay at least as much attention to attributes like trustworthiness as they do to competencies like conflict management. They should be aware of the importance of emotional intelligence—which stresses the need for both attributes and competencies—in the workplace. They should also consider such factors when creating job descriptions and holding performance reviews.

2
DIVERSITY IS LACKING.

If this study is any indication, nonprofit professionals are mostly alike. Respondents to this survey are older (48% are 55 years of age or more). They stay in philanthropy (42% have 16 or more years' experience). Most are college-educated and Caucasian.

Homogeneity of so many factors may preclude the kind of robust creativity that promotes effectiveness. The strategic imperative for nonprofits to solve complex social issues suggests diversity may be a critical factor underlying organizational performance. After all, nonprofit managers must be able to work with people who are different from them and assemble teams with different expertise, training, experiences, and perspectives to reflect the world around them.

Diversity, in its most expansive definition, includes habits of thought, education, life experience, personality, style, gender, ethnicity, and values. A range of diversity can contribute to organizational productivity, while lack of diversity may be (or become) a liability.[3] Assuring diversity is a vital part of finding and keeping talented staff.

Yet survey participants don't seem to value diversity very highly. When asked to rank attributes and competencies as to the frequency of occurrence in their daily work, respondents put "leverages diversity" dead last.

Recommendation: Nonprofit managers should expand their candidate pools to provide more diversity in the workplace. They should use more diverse criteria in staff recruitment, position descriptions, and per-

Table 1. Traits Used to Measure Emotional Intelligence

The following attributes and competencies, which make up emotional intelligence, may predict success better than any other performance measure. Survey respondents believe attributes (personality characteristics) are even more important than competencies (skills) in their work. Both attributes and competencies are needed for success in life and in the workplace.

The more of these traits you possess, the better your performance—and that of your organization—is likely to be:

➤ **Emotional Awareness:** has the ability to recognize one's emotions and their effects on others.
➤ **Self Assessment:** knows one's strengths and limits.
➤ **Self Confidence:** has sureness about self-worth and capabilities.
➤ **Self Control:** manages own disruptive emotions and impulses.
➤ **Trustworthiness:** maintains standards of honesty and integrity.
➤ **Conscientiousness:** takes responsibility for personal performance.
➤ **Adaptability:** acts with flexibility, employs a repertoire of responses.
➤ **Innovativeness:** entertains novel ideas and new information.
➤ **Achievement:** strives to improve or meet a standard of excellence.
➤ **Commitment:** exhibits personal alignment with organizational mission.
➤ **Initiative:** readily acts on opportunities.
➤ **Endurance:** persists despite setbacks and obstacles.
➤ **Empathy:** senses others' feelings and perspective.
➤ **Service Orientation:** anticipates, recognizes, meets clients' needs.
➤ **Develops Others:** discerns others' needs in order to develop and support their abilities.
➤ **Leverages Diversity:** cultivates opportunities through diverse people.
➤ **Political Acuity:** effectively interprets power relationships.
➤ **Influence:** identifies and employs tactics to persuade others.
➤ **Communication:** sends clear and convincing messages.
➤ **Leadership:** inspires, guides, and supports others in a common endeavor.
➤ **Catalyst:** initiates and manages processes that produce change.
➤ **Conflict Management:** negotiates and resolves disagreements among others.
➤ **Builds Relationships:** nurtures and maintains relationships with others.
➤ **Collaboration:** works with others toward shared goals.
➤ **Builds Teams:** creates group synergy in pursuit of collective goals.

formance assessments. They should explicitly acknowledge the importance of encouraging diversity.

3
RECRUITMENT SHOULD BE BROADENED.

How do nonprofit professionals find their jobs? Mostly through colleagues and personal recruitment, according to the survey results. When asked how they were referred to their current position, nearly 70% of respondents indicated closed recruitment methods. Open recruitment, such as search firms and public advertisements, accounted for only 8% of referrals.

Twenty-nine respondents offered suggestions for improving selection processes in nonprofit organizations. Most indicated a need for far more competency-based selection to generate a larger pool of candidates and tie selection to job requisites.

Recommendation: Create more qualified candidate pools by widely disseminating public announcements of employment opportunities. Hire people based on measurable competencies tied to job requirements rather than referrals by colleagues.

4
MORE ORIENTATION WOULD BE HELPFUL.

Surprisingly, nearly 90% of respondents experienced no formal orientation to their work and workplace. Such a gap is especially troubling in view of the lack of diversity already described. It suggests that familiar habits of mind and practice are being picked up, and these habits may differ from what is most effective. Given the high level of homogeneity among respondents, one might explore further how nonprofit managers learn their jobs and learn them best.

Recommendation: Provide orientation and continuing education opportunities for all nonprofit employees. This orientation should include a history of philanthropy, theories of management and leadership, perspectives on change management, organizational effectiveness, strategy, and measurement.

5
BUSINESS PRACTICES ARE UNDERUSED.

One of the most troubling facts highlighted by the survey is that management practices common in the private sector aren't used nearly as much in philanthropy. Strategic planning, the most prevalent for-profit practice, occurs in less than 50% of respondents' organizations. Other well-tested for-profit strategies—competitive bids for purchased services, human resource management, and quality assurance—occur in less than 25% of responding organizations.[4]

Table 2. Percent of Responding Organizations That Use Common Business Practices

Practice	Percent
Benchmarking	39
Return on Investment Assessment	40
Quality Assurance	22
Cost Analysis	33
Human Resource Management	15
Innovation Processes	33
Strategic Planning	49
Knowledge Management	40
Continual Improvement Processes	37
Logic Models	9
Competitive Bidding (Purchased Services)	13

Table 2 summarizes the percentage of respondents who use these and other business practices. The limited use of these proven techniques signifies a vast opportunity for improvement. It also suggests an urgent need for learning and practice development in the nonprofit sector.

Recommendation: Seek, import, and adapt for-profit management practices, including planning, cost-benefit analysis, measurement, human resource management, quality assurance, and competitive purchase bidding. Educate nonprofit workers about these important business techniques. ∎

Footnotes

[1]The survey was distributed in association with the Council of Michigan Foundations to the 518 Michigan foundations with assets over $1 million. The survey was targeted to program officers, directors, associates, vice presidents, and presidents. Board members and other staff were also invited to participate in order to generate multiple perspectives. A low response rate (14%) limits the generalizability of findings to those in the responding group. However, respondent characteristics are likely to reflect the field nationwide.

Of respondents, males represented slightly more than half the sample population. A majority of respondents (83%) were 46 years or older, with few (17%) in the 31-45 year range. All respondents were Caucasian except for one African American. Nearly half (46%) of respondents held a BA or BS as their most recent educational credential; nearly a third (29%) held graduate degrees. More than half the respondents were program directors, associates, or officers. Nearly one-quarter (24%) were board members, 13% were vice presidents, and 10% were presidents/CEOs.

[2]Published by Bantam Press in 1995 and 1998.

[3]See "Difference Is Power" in *Fast Company*, July 2000 and "Beyond Diversity" in *Nonprofit World*, Vol. 18, No. 2.

[4]See *Management & Planning, Leadership Series*, available from the Society's Resource Center, 608-274-9777, Ext. 221, www.danenet.org.snpo, for information on strategic planning and other management techniques for nonprofits.

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