

The Business Case for Caring Workplaces

Report No. 6

The key to keeping our nonprofits strong through the deep recession is cultivating an engaged, high-performing workforce. Too expensive? Think again. With low-cost, high-impact policies and practices, we can create effective workplaces that minimize turnover and maximize mission impact.

Overview

In these most challenging economic times, one asset—a high-performing workforce—will be more important than ever. Many of our nonprofit organizations are confronting a “triple whammy” of reduced funding from both public and philanthropic sources coupled with increasing demand for services, according to *Nonprofit Times*.¹

As a result, many of us will be asking paid employees to do more with less. Efforts to expand volunteer resources may help narrow, but will not fully cover the gap. High levels of burnout and turnover are two long-term consequences. Also, employees and volunteers may be less effective on the job as they struggle with their own strained finances.

How can we keep our high-performing staff with us and maximize their contributions over the long term? In the current environment as well as in better times, a *Caring Workplaces, Committed Employees* approach can effectively address tough workforce issues, including:

- Loss of talented staff.

- Suboptimal staff productivity.
- Pressure to maintain services and expand reach, even as revenues fall.

(*Staff members* refer to both paid employees and volunteers.)

A *Caring Workplaces* approach understands that nonprofits can achieve remarkable improvements in service quality and effectiveness by building environments that cultivate an engaged, productive talent pool. The alternative—pushing staff to work harder—produces inferior results.²

Curious? Dubious? Read five compelling reasons why investing in *Caring Workplace* policies and practices is essential for the future of your nonprofit.

1. You can afford it.
2. Your nonprofit’s vitality is at stake.
3. Missed opportunities to care for staff are costly.
4. Service and program outcomes depend on support for frontline staff.
5. It’s about living your mission.

Why Now?

The financial downturn is far-reaching. Odds are high that some of our employees and volunteers are facing serious financial problems, foreclosure on homes, job losses within the family, or even domestic violence related to increased stress. Some staff will face additional demands to care for older parents and young children because they can no longer afford these services.

At a minimum, family concerns can distract workers on the job at the time we need their optimum performance. Our frontline staff—on whom our families and communities depend and where our turnover is highest—may be the most vulnerable to family instability that can undercut job performance and tenure.

Nonprofits have found that investing in staff boosts mission impact.^{3,4,5,6} Jim Gibbons, President and CEO of Goodwill Industries International, Inc., explains that “individuals are more likely to be able to go to work, continue working, and advance their careers and earnings if their home lives are stable and their children are safe and thriving.”⁷

As you look to the practices and lessons learned of nonprofit leaders in this arena, it is important to focus especially on those efforts you can make that would benefit lower level employees. Volunteers, especially those living on limited incomes, also merit attention because they are an essential part of our workforce.

1 You Can Afford It

A direct correlation exists between the quality of the work environment and staff productivity and performance. Optimizing the contributions of paid and volunteer staff requires providing them with the support they need to thrive on the job. This “support”

About *Caring Workplaces* and Practices

Caring Workplace practices are organizational policies and supports that enable staff to succeed on the job, at home with their families, and in their community responsibilities.

Two key attributes of *Caring Workplaces* are:

- **The provision of caring-workplace practices to all staff, as feasible (including volunteers as well as hourly, seasonal, and part-time employees).**
- **The investment in caring has a special focus on strengthening lower level employees and their families.**

Nonprofit employers are the focus of this business case statement. However, many of the points also pertain to public agencies serving children, youth, families, and communities.

includes low-cost resources that help staff effectively manage family responsibilities that otherwise might distract them or cause absences.

The Low-Cost, High-Impact Ways to Support Staff textbox (page 3) illustrates a few inexpensive strategies to maintain high workforce productivity and improve retention during high-stress periods. To minimize new outlays, consider recruiting assistance from one or a team of skilled volunteers, perhaps with prior human resources experience.

Low-Cost, High-Impact Ways to Support Staff

Enhancing support for staff does not have to greatly increase outlays. For nonprofits with tight budgets, low-cost, high-impact strategies are available.

- **Staff appreciation on a day-to-day basis**
- **Performance recognition**
- **Flexibility with working schedules**
- **Employee assistance programs (EAPs) —see also textbox on page 6**
- **Walking programs or physical activity incentives for energy, stress reduction**
- **Efforts to educate paid and volunteer staff about government supports, tax credits, 2-1-1 systems or intermediaries, foreclosure prevention counseling (888-995-HOPE™), and other quality local services**
- **Inclusion of volunteers in worksite education or enrichment programs**
- **Emergency loan fund for employees and volunteers**
- **A caring culture that is responsive to workers**

For more details and ideas, read *Caring Workplace Practices: A Catalog for Nonprofit Human Services Organizations*, available at <http://www.nassembly.org/fspc/CaringWorkplacesInitiative>.

Studies and experience have shown that improving staff wellbeing and supporting their family responsibilities can generate a positive return on investment for employers.^{8,9}

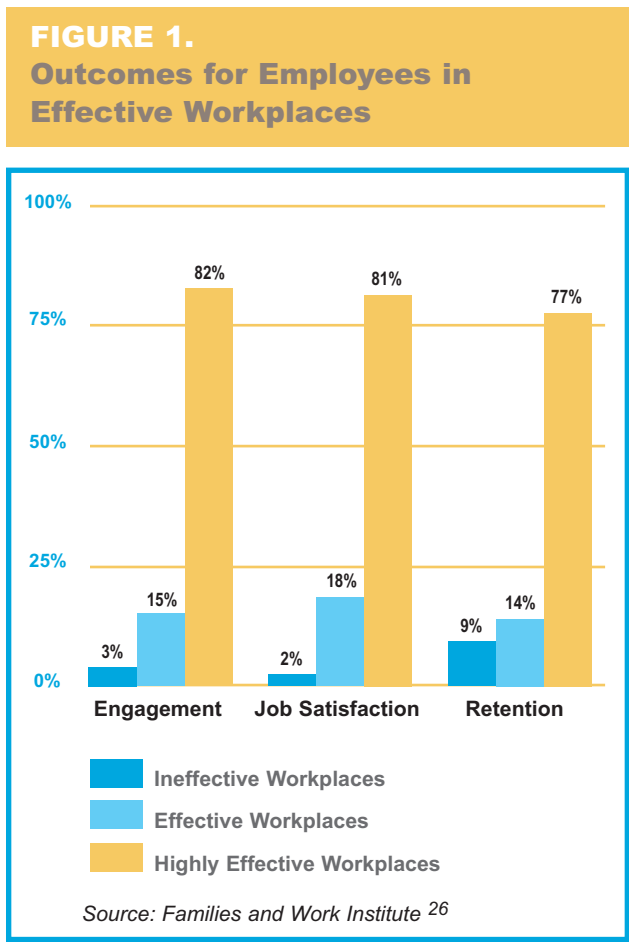
- Employee assistance programs (EAPs) are cost-saving: every \$1 invested in quality EAP services tends to save \$4-16. As documented in multiple studies, savings occur from reductions in absenteeism, medical and insurance outlays, workers' compensation claims, and turnover.^{10,11,12}
- A large nonprofit organization realized a \$1.68 return on investment for every \$1 spent on wellness programs. The savings came from program participants' improved health along with lowered medical expenses.¹³
- Flexible scheduling not only cuts absences, but also improves job retention, work effort, and employee engagement.^{14,15,16} Volunteers, too, tend to stay with nonprofits that provide opportunities to learn, develop skills, and enhance their service effectiveness.
- A supportive culture—"the way we do things around here"—is essential to an effective workplace. Generated benefits include high staff commitment to the organization and mission, clients, and their jobs.^{16b} Productivity gains are also possible.¹⁷

2 Your Nonprofit's Vitality Is at Stake

Nonprofits that provide caring workplaces realize these benefits:

- A diverse, highly talented workforce.
- Greater mission impact because of high-performing staff.
- Enhanced community profile.^{18,19,20,21,22,23,24}

Figure 1 presents compelling evidence by the Families and Work Institute that caring, effective workplaces benefit the bottom line. The study reviewed employment outcomes at workplaces with different levels of effectiveness.^a Compared to moderately effective workplaces, highly effective workplaces had very positive employment outcomes. Note that moderately effective workplaces lagged 60 or more percentage points behind on each measure. Ineffective workplaces achieved dismal outcomes of 3, 2, and 9 percent, respectively.^{25,26}



^a In categorizing effective workplaces, the Families and Work Institute considered the extent to which the employer gives workers responsibility, holds them accountable for results, and provides workers with supports necessary to achieve desired outcomes. For more information about how the “effective workplaces” framework relates to Caring Workplaces, please see our Caring Workplace Practices: A Catalog for Nonprofit Organizations, available at www.nassembly.org/fspc/CaringWorkplaceInitiative.

To retain organizational vitality through a deep recession, we must harness all of our talent. Flexibility, training, a supportive workplace culture, and assistance with transportation and child care—all can reduce turnover and absences without expensive outlays. Impact will be greatest if the strategies respond to actual staff members’ needs or wants.²⁷

As a sector, our long-term goal must be to pay living wages and provide a full set of fringe benefits. When employees and volunteers can meet their families’ needs and save for the future, job performance is strong.^{13,17,24} Further, jobs that offer benefits, especially health care and paid vacation days, attract longer-term workers. A Working Poor Families Project analysis reports an 80 percent retention rate for jobs with health insurance, as compared to 52 percent in positions that do not offer coverage.^{28,29} By gradually augmenting compensation and fringe benefits and by educating our board members and funders, we can realize this goal over time.

3 Missed Opportunities to Care for Staff Are Costly

Our workforce is not first and foremost a cost-management issue, but rather our best asset that has been underappreciated for too long. The real, but often hidden, costs of underinvesting include:

- High attrition, especially of frontline staff and top performers.
- Excessive absenteeism that could be avoided if staff members and their families had better health, lower stress levels, and stable housing and child care.
- Failure to successfully compete for the best job candidates.
- Low performance by staff related to burnout, lack of recognition, inadequate skills to perform well, and family-related problems.

- Negative secondary effects on other staff members and clients.

High turnover *is* a major expense. To hire and train replacements to fill a position paying \$16,000 per year, employers typically spend \$6,000-12,000.³⁰

Sometimes being penny wise is pound foolish when it comes to nonexempt or part-time staff. When we deny low level staff members paid time off for personal illnesses, they come to work sick. This situation, known as “presenteeism,” results in low productivity from the ill employee and secondary absenteeism costs when coworkers become sick.^{31,32}

A common, but incorrect, assumption is that there is no business case for investing in the quality of low-paying jobs. With this in mind, many of us have focused on providing good workplaces for top and pipeline talent. Because of this misperception, we are missing a remarkable opportunity.

Families and Work Institute research shows that providing supportive workplaces to entry-level staff generates a *greater* return on investment than efforts to improve job quality for higher level staff.³³ This finding mirrors the *Caring Workplace* experiences of nonprofit and human services agencies.

- **NeighborWorks® America** regularly reviews and updates its compensation structure with a special focus on levels where the organization can have the greatest impact: administrative staff and others in lower paid positions.³⁴
- The Talent Opportunity Program, a pilot initiative in four **American Cancer Society** divisions, aims to increase retention rates among frontline community development staff. This three-year program provides employee-participants with professional development opportunities, nationwide online communities, coaching and mentoring, assessment, career path

options, cross-functional exposure in the nonprofit, and ongoing support and connections activities to the organization. Preliminary data indicate the turnover rate dropped dramatically in just the first year.

- **New York City’s Administration for Children’s Services** trimmed its turnover rate among child protective services workers by providing career advancement opportunities and integrating rewards into their performance management system. As a result, the baseline turnover rate of 50 percent fell to 30 percent.³⁵

4 Service and Program Outcomes Depend on Support for Frontline Staff

High turnover among our frontline staff (e.g., case workers and managers, youth development staff, child and elder caregivers) is associated with mediocre service outcomes. According to Cornerstones for Kids, a leading expert in the human services workforce:

[T]here is a direct correlation between the quality of the frontline worker and the effectiveness of services they deliver to children and families. If workers are well-trained and supported, have access to the resources that they need, possess a reasonable workload and are valued by their employers, it follows that they will be able to effectively perform their jobs.³⁶

Annual turnover rates of 25 percent and higher for child protective services workers and caseworkers are common, according to a joint study by the Alliance for Children and Families, American Public Human Services Association, and Child Welfare League of America. Private agencies attributed high turnover to taxing workloads and job demands, insufficient advancement opportunities, and inadequate compensation.³⁷

Frontline human services workers expressed similar concerns in a survey by the Wagner School of Public Service and the Brookings Institution. Respondents said they lack basic supports needed to perform their jobs.

- 38 percent said their agency was understaffed.
- 31 percent lacked basic equipment and supplies.
- 23 percent did not have sufficient access to training.
- 12 percent needed a safe place to work.³⁸

Business analyses from Corporate Voices for Working Families, Deloitte, and the CitiSales study consistently show Caring Workplace practices can pay for themselves over time through recruiting and training savings and productivity gains. Improving job quality in lower positions—fringe benefits, flexibility and other work-life assistance, and better pay—benefited employers by:

- Reducing turnover costs.
- Enhancing recruitment and retention.
- Lowering costs of training new hires.
- Increasing profits.
- Improving customer service.
- Providing productivity gains.
- Reducing absenteeism.^{39,40,41}

These benefits apply to our sector as well. For example, nonprofit organizations in North Carolina and elsewhere improved the quality of child care services by providing scholarships and salary supplements to care providers and teachers. The organizations also benefitted from better staff retention.⁴²

Maximizing EAP Services

EAP programs are an excellent example of a low-cost, high-impact benefit. Many organizations may not know just great a value EAP services can generate.

For costs in the range of \$40 per staff member/year, an EAP will provide counseling services and resources for a range of issues. Topics usually include financial problems, family and parenting issues, affordable childcare access, wellness, stress, loss and grief, and alcohol and substance issues. Many also can offer personal development programs designed to help staff balance their work and personal life. These typically include training modules that assess personal skills, objectives, and goals, along with assistance in developing action plans to help staff overcome issues. Most EAP programs will even open these resources to everyone in the staff member's household, so the impact of this benefit can go even further.

It is well worth your time to investigate this often under-utilized benefit. Ask your EAP provider how they can help you create a more caring workplace.

5 | It's about Living Your Mission

Our missions speak to our fundamental commitment to helping individuals, families, and communities thrive. However, in our focus on strengthening vulnerable people and neighborhoods, we may have overlooked the challenges facing our own staff and their families. The most vulnerable may be our frontline staff, exempt employees, and volunteers living in disadvantaged neighborhoods or on limited incomes.

Fully living our mission means:

- Taking steps so all staff can use flexibility and telecommuting to manage job and family responsibilities.
- Recognizing volunteers may have personal challenges and inviting high-value volunteers to participate in worksite seminars or wellness programs.
- Assuring staff members know how to check their eligibility for the earned income tax credit or how 2-1-1 and other community intermediaries can help them.
- In time, paying wages so even our lowest paid workers can meet their families' basic needs.

By living out the case for investing in low-income people and neighborhoods, we can inspire others to follow suit. We also can take pride in being true to our mission.

Caring Workplaces, Committed Employees Resources for Nonprofit Employers

Our *Caring Workplaces, Committed Employees* initiative aims to enhance paid employee and volunteer commitment to nonprofit human services organizations by providing employers with practices that help them to enhance their workplaces. *Caring Workplaces* is about valuing all staff by being supportive of their responsibilities—at work, at home with their families, and in the community.

The *Caring Workplaces, Committed Employees Online Resource Center* offers a growing set of materials to help nonprofit and human services employers enhance their workplaces in ways that strengthen working families.

- **Case studies featuring the American Cancer Society, Idealist, and NeighborWorks® America**
- **Caring workplace tools and information in the *Resource Guide for Nonprofit Human Services Organizations***
- **Fact sheet: *Low Quality Jobs Can Be Costly for Employers, Families***
- **A catalog of *Caring Workplace* policies and practices for the nonprofit sector, which includes some additional return-on-investment data for specific policies and practices.**

To access the *Caring Workplaces, Committed Employees Online Resource Center*, go to: <http://www.nassembly.org/fspc/CaringWorkplacesInitiative>.

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This series of policy briefs produced by the Family Strengthening Policy Center (FSPC) seeks to describe a new way of thinking about how to strengthen families raising children in low-income communities and how this approach can and should influence policy. The premise of “family strengthening” in this context, and as championed by the Annie E. Casey Foundation, is that children do well when cared for by supportive families, which, in turn, do better when they live in vital and supportive communities. The series describes ways in which enhancing connections within families and between families and the institutions that affect them result in better outcomes for children and their families.

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This brief reflects the findings and views of the Family Strengthening Policy Center, which is solely responsible for its content. For more information or to access other family strengthening policy briefs, visit www.nassembly.org/fspc.

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