



THE CENTER FOR
EFFECTIVE PHILANTHROPY

EMPLOYEE EMPOWERMENT

THE KEY TO FOUNDATION STAFF SATISFACTION

About the Center for Effective Philanthropy

Mission

To provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

Vision

We seek a world in which pressing social needs are more effectively addressed. We believe improved performance of philanthropic funders can have a profoundly positive impact on nonprofit organizations and the people and communities they serve.

CEP seeks to contribute to the achievement of this vision through the data—primarily comparative data—we develop and draw on in our research, assessment tools, and programming and communications. This data helps funders understand how they can improve their performance and provides insight on key elements of foundation effectiveness. We recognize that many other institutions and organizations dedicated to improved funder effectiveness must also play a role for the vision we seek to become a reality—and we seek partnerships with these organizations when they will help us to better achieve our shared goals.

Although our work is about measuring results, providing useful data, and improving performance, our ultimate goal is improving lives. We believe this can only be achieved through a powerful combination of dispassionate analysis and passionate commitment to creating a better society.

For more information on CEP, please visit www.effectivephilanthropy.org.

Acknowledgments

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For more information on CEP's research and to download or order copies of this and other CEP reports, please visit www.effectivephilanthropy.org.

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Introduction

WITHIN THE NONPROFIT SECTOR, FOUNDATION JOBS ARE FREQUENTLY LOOKED UPON WITH ENVY. Foundation staff are seen to control substantial resources, have opportunities to hobnob with leaders in their fields and communities, and enjoy great influence. Perhaps because of this—because foundation jobs are seen as so plum—there has been little effort to understand the experiences of foundation staff.

In other domains, there have been concerted efforts to understand staff experiences. Businesses, government agencies, and nonprofits have recognized the importance of employee satisfaction, especially as they calculate the myriad costs of low retention rates and underperforming staff. Public rankings based on employee perceptions are increasingly common and include *Fortune Magazine's* “Best Companies to Work For,” the *Nonprofit Times'* “Best Nonprofits to Work For,” and the Partnership for Public Service’s rankings of the “Best Places to Work in the Federal Government.”

Do Staff Perceptions Relate to Grantee Perceptions?

CEP is often asked whether staff perceptions and grantee perceptions are related. Foundation leaders hypothesize that staff experiences and views will influence the grantee experience, and they wonder whether we have analyzed this relationship by comparing staff-survey results with data collected through CEP’s Grantee Perception Report® (GPR) process.

It seems logical that the experiences of staff would influence the experience of grantees, and our preliminary analyses indicate that there is a correlation between staff- and grantee-survey results. However, we do not yet possess a sufficient number of foundations in our dataset whose grantees and staff we have surveyed concurrently to feel comfortable drawing a definitive conclusion. In the coming years, as the number of foundations for which we concurrently administer both surveys increases, we will undertake a more comprehensive analysis and publish the results.

Why should we care about staff satisfaction at foundations? Our view is that more satisfied foundation staff are more likely to perform better, allowing the organizations where they work to achieve better results. The literature on employee satisfaction in other domains has established a number of links between how satisfied staff members are in their jobs and other key elements of their work and lives. For example, numerous studies have established a relationship between job satisfaction and emotional well-being.¹ Research has also established a relationship between overall job satisfaction and job performance.² Finally, researchers have established a relationship between employee satisfaction and the experiences that external constituencies have with organizations.³ Simply put, staff satisfaction matters—and improving it benefits the lives of employees and also enhances job performance and organizational results. If that isn't enough to convince foundation leaders to take staff satisfaction seriously, there is, of course, a values argument. What kind of employer do you want to be?

Although few in numbers, foundation staff are responsible for managing hundreds of billions of dollars in charitable assets. These staff make crucial decisions about how best to allocate those resources to address some of our most pressing domestic and global challenges—from child welfare to climate change. Given the important goals that foundation staff members are working to achieve, their performance should be a concern not just to those who supervise them, but to all of us. If we accept the argument that staff experiences are connected to performance, then foundation staff perceptions matter greatly.

To better understand the experience of foundation staff, the Center for Effective Philanthropy (CEP) surveyed 1,168 staff members at 31 foundations. The surveys were conducted from 2007 to 2011 as part of CEP's Staff Perception Report® (SPR) process. Through these surveys, we collect quantitative and qualitative data from respondents. Though our dataset is limited to the 31 foundations that chose to commission an SPR from CEP, it is the largest dataset that exists about foundation staff members' job satisfaction. We have sought, therefore, to analyze it to understand the answers to some basic questions: How satisfied are foundation staff in their jobs? What contributes to their satisfaction?

What the data strongly indicate is that leaders set the tone. Their choices—about a wide range of issues, including communication, delegation of authority, role definition, availability of resources, provision of feedback, recognition of contributions, and opportunities for learning and growth—shape staff experiences. These dimensions matter far more than the issues that often are the focus of conversations about staff retention and satisfaction, such as pay levels or workload.

Also included in this report are case studies of two foundations whose SPR results were particularly strong: The Commonwealth Fund and The Skillman Foundation. These two foundations' staff members rated highly on satisfaction and a host of other dimensions.

¹ Faragher, E.B., M. Cass, and C.L. Cooper. "The relationship between job satisfaction and health: a meta-analysis." *Occupational and Environmental Medicine* 62 (2005) 105–112. This article is a meta-analysis looking across results from 485 studies examining the relationship between job satisfaction and health.

² Judge, Timothy, Carl Thoresen, Joyce E. Bono, and Gregory K. Patton. "The Job Satisfaction–Job Performance Relationship: A Qualitative and Quantitative Review." *Psychological Bulletin* 127:3 (2001) 376–407. This article is a meta-analysis of 254 studies examining the relationship between overall job satisfaction and overall job performance.

³ See: Snipes, Robin L., Sharon L. Oswald, Michael LaTour, and Achilles A. Armenakis. "The effects of specific job satisfaction facets on customer perceptions of service quality: an employee-level analysis." *Journal of Business Research* 58 (2005): 1330–1339; Dormann, Christine and Diana M. Kaiser. "Job conditions and customer satisfaction." *European Journal of Work and Organizational Psychology* 11:3 (2002) 257–283; Ryan, Anne Marie, Mark J. Schmit, and Raymond Johnson. "Attitudes and effectiveness: Examining relations at an organizational level." *Personnel Psychology* 49 (1996) 853–882; Ostroff, Cheri. "The relationship between satisfaction, attitudes, and performance: an organizational level analysis." *Journal of Applied Psychology* 77:6 (1992) 963–974; Heskett, James L., W. Earl Sasser, Jr., Leonard A Schlesinger. *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. The Free Press (1997).

Key Findings

1. Foundation staff members are most satisfied in their jobs when they feel empowered in their day-to-day experiences at work. Feeling empowered is more important for satisfaction than other dimensions, such as perceptions of appropriateness of pay or workload.
2. For staff members to feel empowered, they need to believe that management communicates a clear direction for the future, that they are working in alignment with the CEO and board, that the foundation cares about them, and that their performance reviews are fair and helpful.

Discussion of Key Findings

KEY FINDING 1: Foundation staff members are most satisfied in their jobs when they feel empowered in their day-to-day experiences at work. Feeling empowered is more important for satisfaction than other dimensions, such as perceptions of appropriateness of pay or workload.

STAFF MEMBERS WERE ASKED, “OVERALL, HOW SATISFIED ARE YOU WITH YOUR JOB?” On a scale from 1 to 7, where 1 indicates “not at all satisfied” and 7 indicates “completely satisfied,” the average rating across the more than 1,000 staff in this study is a 5.3.⁴ Among the 31 foundations, the averages range from a low of 4.6 to a maximum of 6.4. This data belies the perception that working at a foundation is a guarantee of happiness; indeed, although direct comparisons are difficult to draw, it appears that staff at the foundations in our dataset may not be more satisfied than the U.S. workforce generally.⁵

The experiences of those who are satisfied and not satisfied in their jobs are starkly different. Staff members’ written comments help illustrate the contrast in levels of satisfaction.

When staff members are satisfied, they speak of their foundations as places where “the heart and soul of employees is put into their work each day” and there is “internal alignment in support of the mission and a commitment to prioritizing a healthy

Is the Number of Staff Members at a Foundation Related to Levels of Staff Satisfaction?

Is it possible to have a highly satisfied foundation staff regardless of staff size? The data from the 31 foundations in this research indicates that it is.

Smaller foundations sometimes worry that without the resources of larger foundations, staff members will be less satisfied. Larger foundations sometimes assume that smaller foundations—at which everyone knows everyone—might have a leg up in having satisfied employees.

We analyzed the data to understand whether there is a relationship between staff size and employee ratings of their satisfaction. Statistical analyses indicate that among the foundations in this research, staff satisfaction ratings do not systematically differ by the number of staff members a foundation has. (See Appendix: Methodology for more information.)

⁴The standard deviation, or average distance that ratings deviate from the mean, is 1.2 points on the 1 to 7 rating scale.

⁵Workers in the United States tend to report being satisfied in their jobs. For example, a 2011 Gallup poll reports that 87.5 percent of U.S. workers were satisfied with their jobs. See Gallup’s website: <http://www.gallup.com/poll/147833/job-satisfaction-struggles-recover-2008-levels.aspx>; data from the General Social Survey (GSS) indicates that levels of job satisfaction have remained quite steady over the years. GSS data shows that in 2010, 86 percent of Americans surveyed reported being either very satisfied or moderately satisfied with their job. Smith, Tom. W. “Trends in Well-being, 1972-2010.” *NORC/University of Chicago* (March, 2011) 1-6.

culture.” Satisfied staff members describe their work cultures as ones in which staff are “helpful and willing to share their ideas, knowledge, and experience with one another” and “incredibly smart, motivated, and hard-working—a friendly and supportive work environment.” These employees also highlight the personal rewards of being satisfied with their jobs. As one person says, “I am very satisfied with the work environment at the foundation. I am learning a lot and feel that I’m given opportunities to grow.”

Dissatisfied staff members also have a lot to say. One writes, “I personally feel undervalued. There’s no room for growth and there’s nothing to compensate for that lack.” Another respondent says, “There seems to be an inherent lack of trust by upper management in the ability of the rest of the staff. Individuals are paid large sums of money for skills that leadership seems apprehensive to rely on.” Another expresses the desire for her foundation “to encourage and provide opportunities for employee personal growth and an environment that fosters thinking individuals who steer the foundation toward its goal.”

Who Are the Foundations and Staff Represented in This Research?

The median asset size of the 31 foundations whose staff are included in this research is approximately \$1 billion. The number of staff working at these foundations ranges from fewer than 10 to around 150, and the median staff size is 33. The tenure of CEOs at these foundations ranges from less than one year to almost 20 years, with a median of six years. More than two-thirds of the foundations are private foundations, including those with and without

family involvement. Community foundations are also represented in this sample.

Only staff who reported working at least 35 hours per week are included in this research.⁶ The tenure of staff members varied as did their roles at the foundation. (See Figure 1.) Sixty-three percent of respondents report that their activities at their foundation involve grantmaking or interaction with grantees.

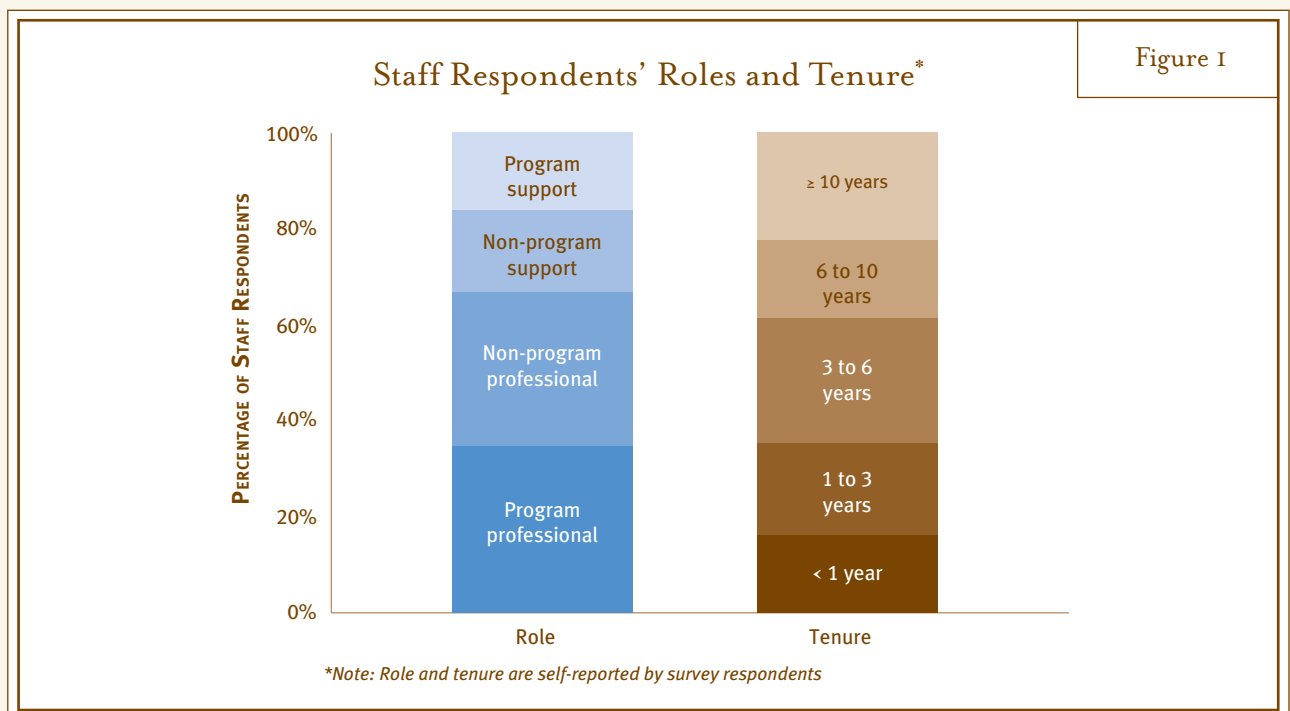


Figure 1

⁶See Appendix: Methodology for more detail.

The Role of Employee Empowerment

Employee empowerment is the key to staff satisfaction.⁷ It is more important than any of the other dimensions we cover in our survey, including perceptions of appropriateness of pay level, workload, tenure, and role. While some of the items in our measure of employee empowerment mirror concepts discussed in business literature on employee satisfaction—often under the heading “employee engagement”—they are not precisely the same.

What does it feel like to be empowered? It’s not about feeling you have an invitation to anarchy or freedom to do as you please—it is about some very specific perceptions. In CEP’s survey, employee

empowerment is measured through a fourteen-item factor: each item touches on a different dimension of what it means to feel empowered.⁸ These items encompass staff members’ sense that they can exercise authority and creativity, use their particular skills and abilities, grow and learn, feel like they are making a difference through their work, feel respected and recognized for their contributions, have honest two-way communication with their supervisor, and enjoy their working environment. (See Figure 2.)

If employee empowerment is the key to staff satisfaction, what does it take for staff members to feel empowered in their jobs?

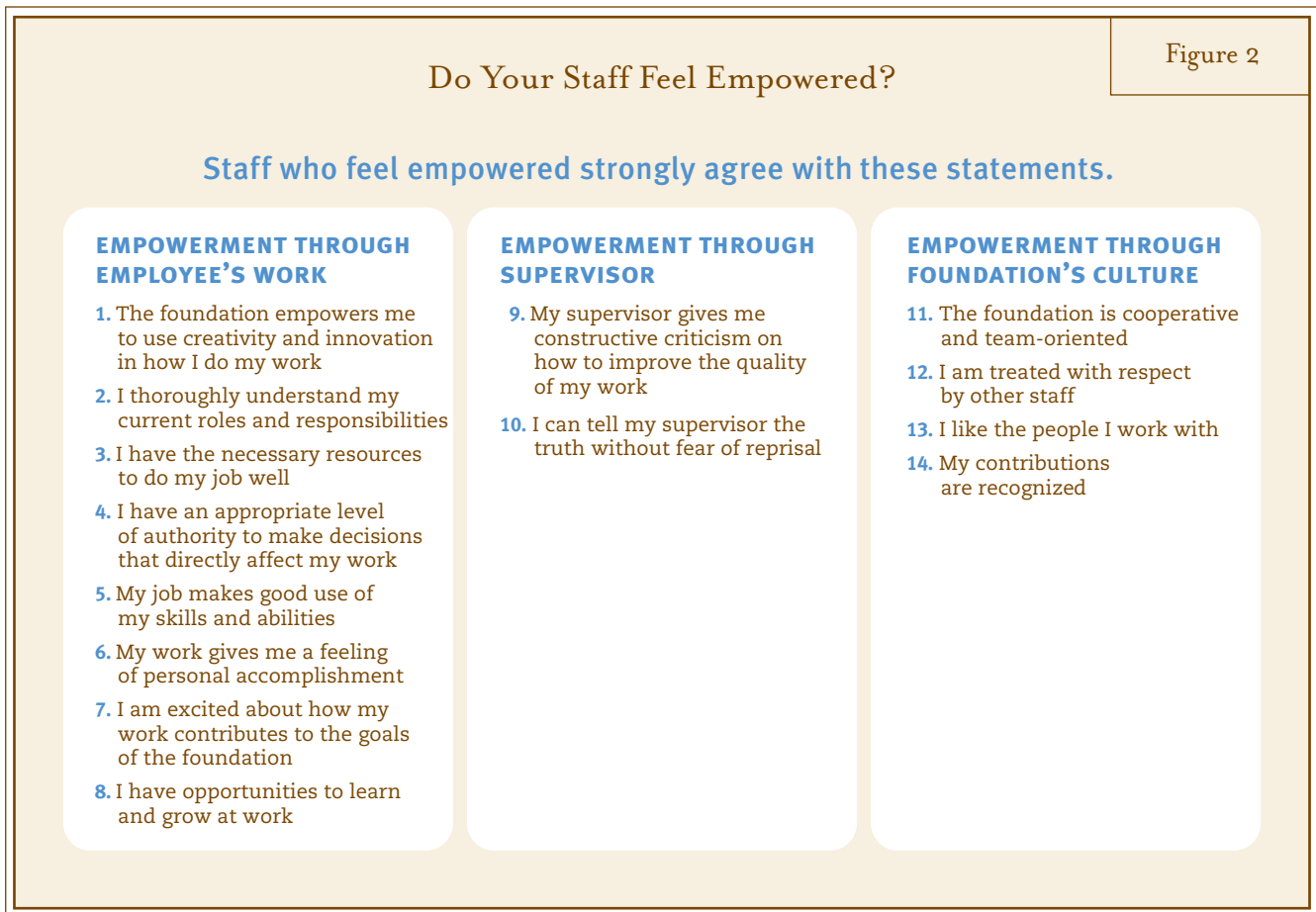


Figure 2

⁷ This finding was determined through a regression model, which explains 63 percent of the variation in staff satisfaction. This model contains two statistically significant predictors. Employee empowerment is by far the strongest predictor. A second predictor, called ‘management and communications,’ explains less than one percent of additional variation, beyond what employee empowerment explains, in satisfaction ratings. See Appendix: Methodology for more detail.

⁸ Each of the 14 items comprising this measure was measured on a 1 to 7 scale. These items were averaged together to create a single empowerment score for each respondent. The average rating of empowerment is a 5.4. The standard deviation, or average distance that ratings deviate from the mean, is 1.1 points on a 1 to 7 rating scale. For more information on how this variable was created, see Appendix: Methodology.

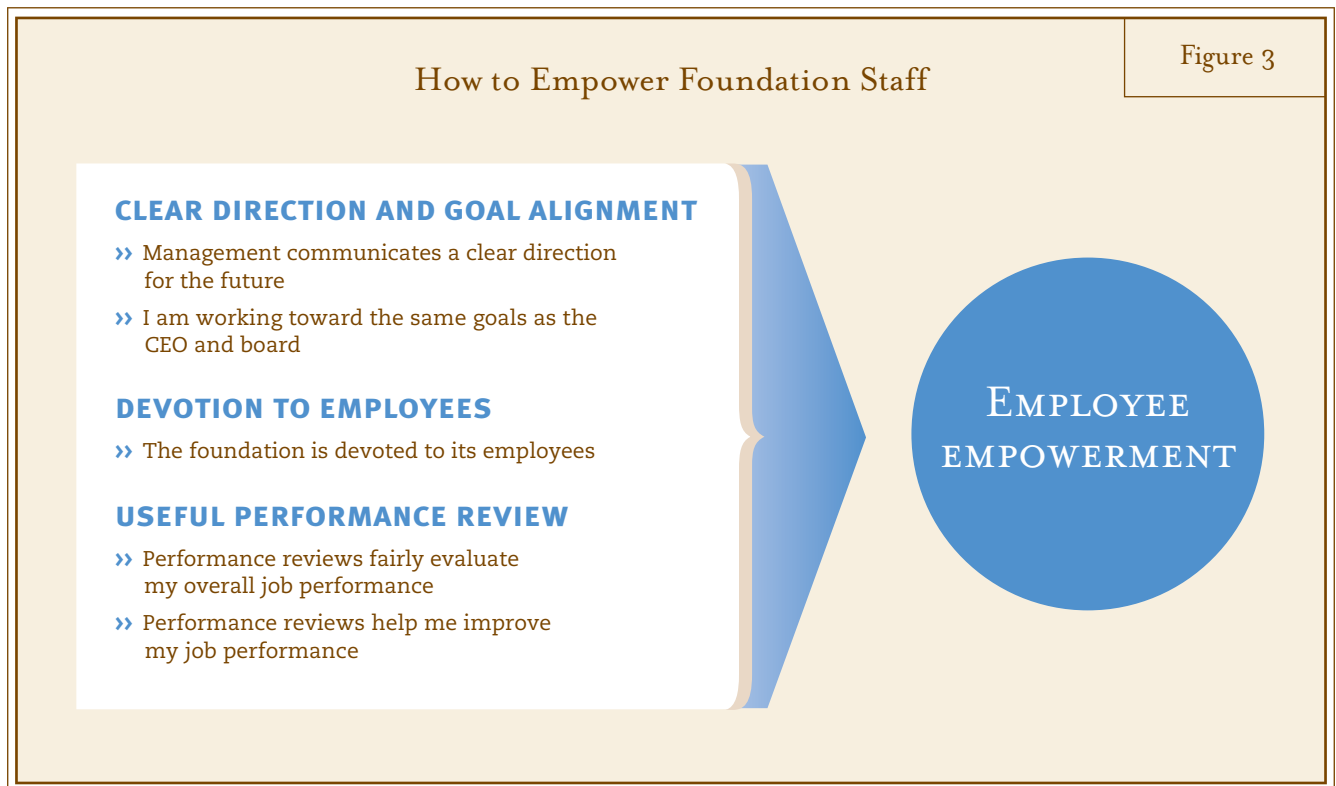
KEY FINDING 2: For staff members to feel empowered, they need to believe that management communicates a clear direction for the future, that they are working in alignment with the CEO and board, that the foundation cares about them, and that their performance reviews are fair and helpful.

WHAT HAPPENS INSIDE AN ORGANIZATION SETS THE CONTEXT FOR STAFF TO FEEL EMPOWERED—OR DISEMPOWERED. Our data indicate that how empowered staff members feel is best predicted by the extent to which each of the dimensions in Figure 3 is part of their experience.⁹

Quantitative analyses, as well as qualitative comments from staff, shed light on each of these key predictors of empowerment.

Clear Direction and Goal Alignment

The extent to which foundation staff find that management has clearly communicated the foundation’s future direction is the strongest predictor of how empowered they feel. Also important is the extent to which they believe that they are working toward the same goals as their CEO and their board.



⁹These dimensions were determined through a regression analysis. This regression model is able to explain 53 percent of the variation in employee empowerment. See Appendix: Methodology for more detail.

MANAGEMENT COMMUNICATES A CLEAR DIRECTION FOR THE FUTURE

When asked the extent to which they agree or disagree with the statement “Management communicates a clear direction for the future,” where 1 indicates “strongly disagree” and 7 indicates “strongly agree,” staff provide low ratings relative to other items in the survey. Indeed, this item is among the lowest rated in the survey, at an average staff rating of 4.5.¹⁰

Ratings on this variable vary considerably across foundations, more than for any other predictor of empowerment: from a low of 3.0 to a high of 6.5.¹¹ Statistical analysis indicates that the sense of whether or not management has communicated a clear direction is one that is strongly shared among staff members within a foundation. If there is a clear direction, everyone knows it—and, if there isn’t, everyone knows that, too.

Staff who rate management as communicating clearly about the foundation’s future direction point to a “clear funding strategy and goals” and note that the foundation “stays true to its mission.” One staff member describes her foundation as having “a lot of clarity of strategic direction, and its values are clear.” Another staff member expresses an appreciation for the way his foundation “learns from its success and failures, and uses that information to inform future decisions” including shaping the foundation’s “clear and thoughtful five-year goals and objectives.”

When staff members do not have a clear sense of where the organization is heading, they express their concerns forcefully. One staff member writes, “I hope the executive team soon establishes a clear direction for the foundation and commits to one or two achievable delivery mechanisms. Over the past few years, we’ve formally changed our strategy so many times that I’m left with strong, unfavorable impressions that the management isn’t committed to the mission or is simply uncertain about how to address it.” Another staff member, at a different foundation, wishes leadership would “Stick to ‘decisions’ once they’re made. Stop the constant swirling. Create a strategic plan and set about implementing it.”

If there is a clear direction, everyone knows it—and, if there isn’t, everyone knows that, too.

Another staff member comments on the potential negative consequences of a lack of clear direction, explaining that addressing this problem “would improve the work environment and enable greater foundation impact.” One staff member writes, “The annual report showed me that we’re still not clear what the organizational goals are. What a surprise to learn [what I thought was our goal] isn’t our goal—[something else] is now the goal... If our own communications department isn’t getting it right, how am I supposed to get it?”

¹⁰ The standard deviation, or average distance that ratings deviate from the mean, is 1.7 points on the 1 to 7 rating scale.

¹¹ Statistical analysis was used to determine how much variation in ratings of the extent to which management communicates a clear direction for the future can be explained by which foundation a staff member works at, rather than a staff member’s individual experiences. Eighteen percent of the variation in ratings on this variable could be explained by knowing at which foundation a staff member works.

WORKING TOWARD THE SAME GOALS AS THE CEO AND THE BOARD

Staff who believe they are working toward the same goals as their foundation's CEO and board tend to feel more empowered.¹² The average staff member rating on goal alignment is a 5.5.¹³

One staff member who believes he is working toward the same goals as his CEO says staff receive a "consistent message about [the foundation's] goals from its senior management." Another staff member describes a "transparency between trustees and program staff and between management and all staff."

When staff do not believe they are as aligned with the goals of the CEO and the board, they point to a variety of causes. One staff member explains, "Our executive leadership is not goal driven. They are driven to complete the daily tasks of grantmaking." Another says, "The foundation has unclear objectives. There is vagueness as to the decisions of the administration, which has implications for the employees." Another explains, "The organization is very hierarchical, with little transparency from the board and senior management save for some broad, vague announcements."

Some staff members describe how a lack of understanding of the board's goals inhibits their ability to fully carry out their responsibilities. As one says, "It would help if there were consistency with decision making. To recommend grantees to the trustees, we need to know what is important to them. There is inconsistency among the trustees and inconsistency from week to week within the group." Another describes "a disconnect between the priorities of the board and the priorities of the staff," adding that there is a "lack of clarity around responsibilities of staff."

In the Dark: What Are My CEO's Goals?

Fourteen percent of respondents report that they "do not know" whether they are working toward the same goals as their CEO. Across the foundations in this study, the percentage of staff members saying they do not know whether they are working toward the same goals as the CEO ranges from zero to 35 percent of staff. At a quarter of the foundations, more than 21 percent of staff say that they "do not know" whether they are working toward the same goals as their CEO.

Those respondents who indicate that they don't know whether they are working toward the same goals as the CEO are having a less positive experience across a number of dimensions that relate to their daily experience at work and their ability to carry out their jobs. They rate significantly lower on nearly a dozen concepts in the survey, including employee empowerment, how excited they are about their contributions to the foundation's goals, and the opportunities they have to learn and grow at work. One staff member who does not know whether she is working toward the same goals as her CEO suggests, "Rather than having differing opinions among managers about our goals and work, be sure all members of leadership stand behind the views and decisions of the CEO."

"The foundation has unclear objectives. There is vagueness as to the decisions of the administration, which has implications for the employees."

¹² The extent to which staff members believe they are working toward the same goals as the CEO is highly related to the extent to which they believe they are working toward the same goals as the board of directors. Because of that, each staff member's rating on these two items was averaged to create a new variable representing alignment with the CEO *and* the board.

¹³ The standard deviation, or average distance that ratings deviate from the mean, is 1.2 points on the 1 to 7 rating scale.

The Foundation Is Devoted to its Employees

Sixty-seven percent of foundation staff believe that their foundation is devoted to its employees, and a much smaller number—20 percent—strongly believe this to be the case. The more that staff members believe their foundation cares about them, the more likely they are to feel empowered. The degree to which staff believe their foundation is devoted to its employees tends to be strongly shared among the staff members within a foundation. Foundation averages on this item range from a low of 4.1 to a high of 6.9.¹⁴

“I also feel that our president is extremely respectful of all employees and will go out of his way to better the foundation.”

Staff who rate their foundations highly on this dimension help shed light on what it means for a foundation to be devoted to its employees. “The foundation provides a truly excellent working environment,” says one. “There is a tremendous amount of respect for every individual at [the foundation]. I also feel that our president is extremely respectful of all employees and will go out of his way to better the foundation. He truly cares for his staff and only wants the best for the foundation.” Another staff member says, “The foundation is extremely dedicated to its employees and does an amazing job making sure each employee is getting the necessary

professional development opportunities to grow in their respective positions.”

Staff who do not rate their foundations highly on this dimension paint a stark picture. One staff member remarks, “The foundation says that they care about their employees, but they keep taking away benefits and making us feel less valued than in the past. No one respects our time, our deadlines, or our workloads. I think this attitude comes from the top down.” Another staff member says, “Everyone around me is unhappy with their job at present so the work environment isn’t positive. Greater recognition of staff efforts and accomplishments could help raise morale.” Another writes, “Overall, staff members, myself included, think the CEO has no interest in the staff and doesn’t care if they leave the foundation.”

Useful Performance Reviews

Staff members are more likely to feel empowered when they believe that their performance review fairly evaluates the entirety of their work and helps them improve their job performance. (See Sidebar: Performance Reviews: What’s Fair? What’s Helpful?)

Ninety percent of staff report having had a formal performance review during the past 12 months. Of these staff members, 86 percent report having received a written review, 78 percent report having had a conversation about their performance review with their supervisor, and 16 percent report having had a 360-degree performance review.

¹⁴Statistical analysis was used to determine how much variation in ratings of how devoted staff believe their foundation is to its employees can be explained by which foundation a staff member works at, rather than a staff member’s individual experiences. Fifteen percent of the variation in ratings on this variable could be explained by knowing at which foundation a staff member works.

FAIRNESS OF PERFORMANCE REVIEWS

Most staff members believe their performance reviews have fairly evaluated their overall job performance: The average rating on a scale from 1 to 7 scale where 1 indicates “not at all fairly” and 7 indicates “extremely fairly” is a 5.4.¹⁵ Staff members’ comments about the fairness of performance reviews cover the content of the review as well as the process by which it happens.

Commenting on the content of his review, one staff member says, “Goals were set, but the performance review didn’t connect to the goals. The performance review became quite random. The feedback was largely affected by the immediate happenings around the performance conversation time.” Another respondent suggests, “Recognize what I do well, rather than only emphasizing what could be better.” Another expresses frustration about what she was being evaluated on, saying, “Performance reviews need to be up front about the basis of the review. Is it against the job description or against what is really happening? Does job performance take into account the increased (and, in some cases, unsupported) workload and responsibilities?”

“I have never been asked to rate my manager in any capacity.”

When it comes to the review process, staff members express a variety of concerns and frustrations. One says, “The individual performance management at the foundation has been a debacle. We have had several different systems and spent who-knows-what on consultants, yet the current system is the worst yet, by far. It has now become completely biased on the part of managers, it is overly complicated by a long shot, and we are moving farther away from evaluation based on impact.”

Requests to provide upward feedback also surface. “I have never been asked to rate my manager in any capacity. All staff should be able to provide feedback through a formal venue to their manager,” says one staff member.

HELPFULNESS OF REVIEWS FOR IMPROVING PERFORMANCE

Although staff members tend to see their reviews as fair, they do not find them very helpful in improving performance. The extent to which their last performance review helped them improve their job performance is one of the lowest rated items in the survey, with a mean of 4.3 on a 1 to 7 scale where 1 indicates “not at all” and 7 indicates “very much.”¹⁶ Just 6 percent of staff reported that their last performance review helped improve their job performance “very much.”

When suggesting ways in which the foundation could improve, one staff member recommends “truly using the performance review and performance goals as tools to improve performance, not just as a formality.” Another staff member says, “We ask grant seekers to communicate their results through objective measurements, but we haven’t found a way to do this on the employees’ level so that their contribution to the organization is factual and not just whether or not the supervisor was unhappy with you the past 12 months.” Another says, “A 360 review would really benefit the foundation. I believe it is important for feedback to come from all interactions critical to our work, including from staff reporting to me as well as from external partners.”

¹⁵ The standard deviation, or average distance that ratings deviate from the mean, is 1.5 points on the 1 to 7 rating scale.

¹⁶ The standard deviation, or average distance that ratings deviate from the mean, is 1.6 points on the 1 to 7 rating scale.

Performance Reviews: What's Fair? What's Helpful?

What makes for a performance review that fairly evaluates overall performance? What makes for a helpful review? There are undoubtedly many ways to design fair and helpful performance review processes. The Commonwealth Fund and The Skillman Foundation offer two examples.

The Commonwealth Fund

Commonwealth staff members go through an annual appraisal process that consists of a written report and a conversation with their supervisor. Among the foundations we surveyed, Commonwealth's process was rated at the 75th percentile for its helpfulness for improving staff's performance and its perceived fairness. John Craig, executive vice president and chief operating officer, believes that the appraisal process is effective because it is "as simple as possible and enables self-reflection, and it's more of a conversation in the end."

The appraisal starts with staff evaluating their own performance against their goals from the past year and setting new goals for the upcoming year. "The appraisal form asks the individual to write about how they've done over the past year and whether they met their goals for that year, to set goals for the upcoming year, to consider whether or not there's anything that could be done to help improve their job performance, to talk about their short-term and long-term personal development goals, and to describe their relationship with their supervisor," says Diana Davenport, vice president of administration.

After staff members have completed their own evaluation, they hand it off to their supervisor, who evaluates the staff member's performance and comments on their self-evaluation. Finally, staff have an in-depth conversation with their supervisor about their evaluation. Sometimes, follow-up remarks are added to the written appraisal at that point. Jennie Smith, program associate, says, "Being able to have that conversation is really important to me. It allows us both the opportunity to get in sync with each other, so that I can focus on the right things instead of trying to do a lot of everything."

Craig describes the process as "a culmination of a year-long discussion" that encompasses all the feedback that staff members receive continuously through the year. As a result, he says, the process is forward-thinking—it serves as a launching pad for staff members to plan their goals and work for the coming year, hopefully enriching their experience of working at

the foundation. The final forms are used in a discussion among the members of the executive management team as they work to decide on compensation and promotions for the coming year. Pamela Riley, program officer, praises the process for its consistency and transparency. "You know when it's going to happen, and you know what to expect. It is a very well-laid out process," she says.

The Skillman Foundation

Skillman's performance review process is one of the most highly rated for its helpfulness in improving staff performance. Holly Elsner, staff accountant, says, "It's a really great process, and it can be very open and candid." Henry McClendon, program officer, says, "[The performance review] provides a lot of flexibility for both the employee and their supervisor to have some pretty healthy discussion about what they're doing and in shaping the work."

Skillman conducts its performance reviews bi-annually—once at the beginning of the year after the foundation has set its annual goals and once in the middle of the year. The performance review process starts with supervisors evaluating the staff they oversee, followed by staff members each writing a self-evaluation report. Along with the review, each staff member has a conversation about his or her performance with their supervisor. Every staff member goes through the same process, from administrative staff to the president.

Staff find the process helpful. The report that supervisors complete lists the core competencies staff are expected to master, which ensures that staff members clearly understand their role and how their work relates to the mission. "The performance review process really helps the foundation to show its care for its employees and enables everyone to stay focused on the mission and the goals because it's tied to our mission," says McClendon. "It helps everyone to understand the role they play in accomplishing the mission. I think it's a vital tool."

The self-evaluation allows staff to articulate their visions for personal success and asks them to outline a path for their growth and development. "Within the performance review is an opportunity to set specific professional-development goals, at every position. So, for the receptionist, for everybody, there is a professional development plan," explains Carol Goss, president.

Conclusion

LEADERS AT THE FOUNDATIONS WHOSE STAFF WE SURVEYED MAKE CHOICES EVERY DAY, CONSCIOUSLY OR NOT, THAT PROFOUNDLY AFFECT THE EXPERIENCES OF THEIR STAFF. What they do has significant implications for attracting, retaining, and motivating their staff. Although our research does not establish a connection between staff satisfaction and staff performance, research in other domains has, and it seems hard to fathom that such a connection does not exist for foundation staff as well.

The elements in our dataset that matter most to foundation staff do not relate to pay, role, or workload. They are, instead, aspects of the work experience that have to do with the choices foundation leaders make and the way they lead as well as the work culture and climate—the way staff interact with each other. It’s about staff believing they can exercise authority and creativity, use their particular skills and abilities, grow and learn, feel like they are making a difference through their work, feel respected and recognized for their contributions, have honest two-way communication with their supervisor, and enjoy their working environment. In a word, it’s about empowerment.

Our analysis shows that empowerment is shaped by staff members’ belief that management communicates a clear direction for the future, by a sense of alignment with the CEO and board, by a feeling that the foundation cares about them, and by the view that performance reviews are fair and helpful. This means that changing staff experiences may not be easy, but it need not be an expensive proposition, financially. It requires not higher salaries or richer benefit packages, but rather a substantial commitment and investment of personal energy on the part of foundation leaders. The two foundations we profile in the case studies, The Commonwealth Fund and The Skillman Foundation, which have achieved high staff-satisfaction levels, have done so as a result of their significant dedication to cultivating an environment in which staff feel empowered. While the two foundations are very different with respect to size, programmatic goals, and work cultures, they have in common leaders who are passionately committed to their staff.

Carol Goss, president of The Skillman Foundation, sums it up this way: “All of us are working to change the odds, so that children can be successful in their lives. For us to work in that way, we have to have the right kind of culture. We ask a lot of our staff. What I’m trying to build here, along with our senior team, is a culture that’s really open and allows for honest and authentic discourse. We’re trying to be staff-centered and staff-focused because we can’t do this work if people don’t feel supported and if they are not satisfied.”

Reflecting on Staff Satisfaction and Employee Empowerment at Your Foundation

- » How do you seek to understand the experiences that staff are having at your foundation?
- » How well do staff members understand the direction of your foundation?
 - Have those in management positions made a concerted effort to communicate with staff about where the foundation is heading?
 - How often do leaders communicate in this way? Are there opportunities for staff members to ask questions, help develop the direction for the future, and receive more clarity about what management is thinking?
- » How aware is the full staff of the specific goals that the CEO and board of the foundation are working toward?
 - How are those goals communicated?
 - How well aligned are the goals of the CEO, the board, and the staff? How do you know?
- » Do staff believe that your foundation cares about its employees?
 - How is that demonstrated?
 - What opportunities exist for staff members to communicate about the way they are treated?
- » Is the performance review process at the foundation perfunctory or is it viewed as a useful set of tools that help staff improve in their work?
 - Do foundation leaders coordinate to ensure consistent application of performance criteria?
 - Do performance reviews include practical recommendations for improvement and development?

Advice for Incoming Foundation CEOs

CEP: WHEN IT COMES TO CREATING OR MAINTAINING ORGANIZATIONAL CULTURE, WHAT ADVICE WOULD YOU GIVE TO SOMEONE TAKING ON THE ROLE OF CEO AT A FOUNDATION?

KAREN DAVIS, PRESIDENT OF THE COMMONWEALTH FUND: There's a difference between individual accomplishment and organizational accomplishment. And a lot of successful people have been very focused on their own achievement. But they come to understand that real impact comes from having an organization with diverse people who aren't all clones of the CEO but have different skills and expertise to bring. It's woven together. And having all of those individuals performing at their best capacity is what makes the organization great.... It's having a genuine appreciation for the talent of everyone in the organization, and then, a commitment to nurturing that and helping the potential be realized, that matters.

CAROL GOSS, PRESIDENT AND CEO OF THE SKILLMAN FOUNDATION: One of the things that I think is really important is that you take a listening position. I think that sometimes you'd be tempted to try to articulate your own philosophy before you've had a chance to really listen and hear from the people who are going to be working with you. What I did initially was to listen to everybody. As a new CEO, I just wanted to try to have that kind of authentic discussion and to listen to our staff.



Case Studies

The Commonwealth Fund



Karen Davis



John Craig



Diana Davenport

Key Facts

- » Location: New York, NY; Washington D.C.; Boston, MA
- » Staff Size: 57 FTEs
- » Year Founded: 1918
- » Program Area: Health
- » Assets: \$690MM
- » CEO Name and Tenure: Karen Davis, 18 years

The Commonwealth Fund seeks to “promote a high-performing health care system” by supporting research and being an information resource for the health care field. With its penchant for research and information, it is not surprising that the Fund has been dedicated to collecting and monitoring data about its staff’s experiences working at the Fund.

The Fund first commissioned a Staff Perception Report (SPR) from the Center for Effective Philanthropy (CEP) in 2005. CEP surveyed the staff and reported, on average, how staff rated the Fund on a variety of dimensions compared to results for other foundations. On the measure of staff satisfaction, the Fund ranked in the bottom quartile. Fund leaders made significant changes based on staff’s feedback, and continued to commission the SPR regularly to measure the impact of their efforts.

In 2011, the Fund commissioned its fifth SPR and saw its rating rise to the top quartile on staff satisfaction. “I always believe that you improve what you measure,” explains John Craig, executive vice president and chief operating officer. “We wanted to see how we were doing. And it has helped us spot areas that needed work, and get to the sources of them.” The foundation has worked to become a high-performing workplace by focusing on recruiting the right people, providing staff with opportunities to grow professionally and gain a balance of empowerment and support in their role, and helping staff understand that their work is valued.

FINDING THE RIGHT PEOPLE

In their efforts to improve the experience of staff, the Fund’s leaders made considerable changes to the recruiting process. “Being able to recruit and retain first-rate people has a lot to do with our success as a foundation,” explains Karen Davis, president of the Fund. Over time, the Fund’s hiring teams have focused more and more on searching for the candidates who are most passionate about carrying out the work needed to accomplish the Fund’s goals.



Pamela Riley

The Fund's recruiting process is rigorous. In addition to interviewing with staff, candidates must submit two writing samples, fill out a six-page application, and take a test assessing their skills for the job, all of which give the Fund a sense of how well candidates can execute the responsibilities of the position for which they are applying. The process also gives candidates a better understanding of how the Fund works and the expectations of staff there. "We try not to hire anyone who does not have demonstrated interest, education, or experience in health care policy and access issues. One of our guiding principles is to advance our staff, so we are determined to hire people who will benefit most from the experience at the Fund," says Diana Davenport, vice president of administration.

The process has brought in staff who care deeply about improving the quality of health care in the United States. "There's a lot of passion in my colleagues," says Annie Shek, grants associate. "Passion is something that's pretty apparent when you're here."



Annie Shek

Over the years, the Fund's leaders have realized that to attract staff of the caliber they want, they need to make the foundation more conducive to staff satisfaction. The recruiting process does not succeed unless candidates "perceive the Fund as a good place to work, a good place for them professionally, and a good place for them personally," says Davis. How satisfied staff members are also matters to the Fund because when staff are satisfied, "they're more productive, they generate better work, they inspire others, and they're good partners with grantees," says Davis.

A FOCUS ON LEARNING AND DEVELOPMENT

Once staff members have been hired, the Fund invests heavily in developing them professionally. "We believe it's as important to develop our people as it is to develop our grants and the programs that we're working on," says Davenport. To that end, the Fund offers a generous tuition assistance program, extensive room for growth within roles, and opportunities that prepare staff members well for their careers beyond the Fund.



Jennie Smith

The tuition-assistance program provides staff with financial support to pursue an advanced degree while they are working at the Fund.

The program covers \$8,000 toward tuition costs for a bachelor's or master's degree. Because staff members typically take advantage of this opportunity at a nearby university, the Fund gives them flexibility in their schedules to balance work and school. Staff members are encouraged to take advantage of the program. "This is a program that I've been looking at for a really long time, and now I have the opportunity to do it while still having the security of a full-time position," says Jennie Smith, program associate. "And I received a lot of encouragement. Six months in, staff started asking me, 'Are you thinking about it? What are you thinking about?' They were supportive and interested in what I would do."

The Fund also provides staff members with many in-house development opportunities. For example, junior program staff can contribute to the Fund's blog and papers, eventually moving up to help co-author papers and receive public recognition for their work. Publishing papers in prestigious health policy journals is a stepping stone for staff "into a policy world where they'll be recognized and be publishing in major peer journals," says Craig. If a research paper is accepted at a national conference, staff members are afforded the opportunity to present it to prominent leaders in the field.

As is true at many foundations, not all roles at the Fund have a well-defined path for progression. Rather than view that as a barrier, the Fund thinks of all its positions as “stretch” positions in which staff can continue to gain skills and broaden their area of responsibility. “One of the beauties of a small organization is that you can sort of make the job fit the person, whereas in a large organization, the person has to do the job that’s defined,” says Davenport.

“I could always go to my supervisor if I had questions or needed help.”

A BALANCE OF EMPOWERMENT AND SUPPORT

As staff members continuously learn and grow at the Fund, they are given more autonomy in their roles. Commonwealth supervisors also provide support to staff as they navigate the challenges of increased autonomy. “While there’s got to be a lot of delegation and authority at the grassroots level, you can’t make a major mistake. So you need to support your people by making sure there’s adequate quality review as well,” says Davis.

Within the first year that Senior Program Officer Pamela Riley joined the Fund, she was given the responsibility for setting the strategy for the Fund’s Vulnerable Populations program. Her supervisor helped her through the development process but gave her the authority to choose the ultimate strategy. Riley described the experience as one where “I could always go to my supervisor if I had questions or needed help.” But, at the same time, “my supervisor had enough confidence in my abilities to let me make the ultimate decision,” she says.

For all staff, success in mastering fundamental responsibilities opens the door to gaining more authority. While Davis and the executive management team set the priorities and the direction, Craig says they then “like to give people a lot of room to run. I know myself, in my area, I set standards and indicate clear directions, but then I don’t want to get into how people are doing their jobs. And, to me, that’s empowerment: If they feel that they are on their own to accomplish their objective, people will feel empowered.”

RESPECT AND RECOGNITION

“It matters a lot to Karen and me, and I think to all of the managers here, that we are people who value people,” says Craig. “It’s just part of our nature and the kind of qualities that we look for. It’s really important that people feel valued and are respected.”

The Fund’s leaders demonstrate their respect for staff by recognizing their contributions to the foundation. Every month, Davis publishes the “President’s Staff Update,” which features stories and pictures of Commonwealth staff presenting its research externally. “It’s just something about seeing staff in action and presenting at a conference, or surrounded by members of Congress, or on TV, that conveys something that goes far beyond the words,” says Davis. She sends the staff update to the board chairman, too, so that staff know their contributions are being recognized at the highest level of the foundation.

“We believe it’s as important to develop our people as it is to develop our grants and the programs that we’re working on.”

Davis also records accomplishments of staff and the organization in a document called the “Selected Kudos List.” It includes recognition of staff members who have been promoted and praise for the Fund’s work. The list can also include notable citations of the Fund’s research. “The President of the United States quoted a number from our recent report on young adults — it was that 6.6 million young adults are covered under their parents’ health insurance policy. So, that would be on the kudos list: ‘President Uses Commonwealth Fund Number,’” says Davis.

Riley believes that “it’s very clear that when you work here, that [the Fund’s leaders] really value you, not just as an employee but [also] as a person. They’re very supportive of their employees, and you really can tell that they invest in their staff because they want them to stay.”



Carol Goss



Tonya Allen



Henry McClendon

The Skillman Foundation

Key Facts

- » Location: Detroit, MI
- » Year Founded: 1960
- » Assets: \$447MM
- » Staff Size: 25 FTEs
- » Program Areas: Children, Youth and Family
- » CEO Name and Tenure: Carol Goss, 8 years

The work of The Skillman Foundation is difficult: Its mission is to provide “resources to improve the lives of children in Metropolitan Detroit by improving their homes, schools, and neighborhoods.” The experience that foundation staff have in working to carry out this challenging work is a primary concern for the foundation’s leadership team. Carol Goss, president of the Foundation, recognizes that “we can’t do this work if people don’t feel supported and if they’re not happy.”

Skillman first commissioned a Staff Perception Report (SPR) from CEP in 2007. CEP surveyed all staff and reported, on average, how staff rated the foundation on a variety of dimensions compared to results for other foundations. On the measure of staff satisfaction, Skillman ranked in the top quartile. In 2011, the foundation again commissioned an SPR, and their average rating of staff satisfaction remained in the top quartile.

Tonya Allen, chief operating officer and vice president of program, recognizes the fragility of a positive work culture and the importance of tending to it. “I’m really trying to focus on how we retain and reinforce the good things about our culture and not just take it for granted,” she says. To do this, the foundation’s leadership team works to ensure that all staff members have a clear understanding of where the foundation is heading and take an active role in building the foundation’s culture. In turn, staff survey responses suggest that staff members recognize how devoted the foundation is to creating a positive experience for them.

WORKING WITH A PURPOSE

Skillman’s leadership team has made it a priority to provide staff with the information and resources necessary to perform at their highest level. “We have very high expectations of people. And if you’re going to have those high expectations around their work and their performance, then you have to provide the right support to them so that they can live up to it,” says Goss. Having a clear understanding of how their work contributes to the foundation’s progress positions staff to excel in their day-to-day work. Allen explains, “The Skillman Foundation has a really big vision and a really big agenda for change, and the only way that we get that agenda for change to actually happen is to be coherent and committed to it internally.”

Henry McClendon, program officer, says his desire to make a difference in the community motivates him in his work at the foundation. “I really want to see Detroit change, and the foundation is at the core of that work,” he says. “Being able to be a part of that is compelling and rewarding.”

Programmatic staff get a chance to understand the foundation’s work through their regular interactions with Skillman’s partners and grantees. For staff members whose work is more internally focused, Skillman provides them opportunities to observe the foundation’s work by attending neighborhood meetings and events featuring the foundation’s beneficiaries. Staff Accountant Holly Elsner attended one of these events, a Skillman Scholars Luncheon. “I was able to bear witness to students who had received scholarships from the foundation to attend private high schools [and] who were on their way to college in the upcoming fall because of our support,” says Elsner. “For me, personally, taking the time to get out of the office to be around the children who are the focus of our work provides a very satisfying opportunity to see the impressive results our efforts as a foundation can achieve.”

Skillman staff also have the opportunity to develop a broader view of the foundation by learning about the perspectives of their board of trustees. After each board meeting, Goss holds a staff-wide discussion about the board members’ thoughts on the foundation’s work. These conversations create a sense of alignment among staff, leadership, and the board. “It’s a really good give-and-take conversation that allows staff to share their perception and reach a consensus on the expectations of the trustees moving forward,” says Elsner.

STAFF’S OWNERSHIP OF FOUNDATION CULTURE

The foundation’s leadership actively seeks to understand the challenges staff face in their day-to-day work and to involve staff members in developing solutions. “What I’m trying to build here, along with our senior team, is a culture that’s really open and allows for honest and authentic discourse,” says Goss. “So, staff can come to us and say that something isn’t going well or that something is going well.”

Five years ago, Goss initiated a mechanism called “Skip-Level Meetings,” during which she goes out to lunch with staff members without the company of their supervisors. These meetings provide staff with a direct

line of communication to Goss, without the middle layer of direct supervisors. “I think this [practice] creates an environment where people feel like they can talk to me... and they can raise issues about how we do our work,” she says.

This feedback mechanism has helped Goss and the senior leadership team address staff’s concerns as they arise. Through one meeting, Goss learned that program associates were struggling to understand how their role fit within the foundation’s structure. Their confusion came as a surprise to Goss. “I’ll be really honest with you. I didn’t understand it.... I couldn’t get my head around it. So with this one group, the program associates, we went to lunch. And they just started talking about [how] they weren’t an administrative assistant or a secretary, but they weren’t a program officer. So they didn’t really know what they were supposed to do.”

Goss set up an internal committee charged with the responsibility of clarifying the program associate role based on these staff members’ skills and the needs of the foundation. The committee recommended that these staff members’ job titles be changed from “Program Associates” to “Program Managers” and the job description be changed to reflect their responsibility for providing support for program officers’ projects. With their more clearly defined roles, the newly named program managers were better positioned to use their skills to contribute to the foundation.

The foundation’s approach to improvement empowers staff by giving them a voice in the foundation’s processes. “I do think that people feel empowered,” says Goss. “At some point, somebody is in charge. So you don’t have total autonomy. But you do have the capacity and availability to really indicate your own opinions and thoughts about the direction we’re going, the policies and practices we’re putting in place, the grant-making that we’re doing, and how effective it’s becoming.”

DEDICATION TO STAFF

Leadership makes it clear to staff that the foundation is dedicated to their overall well-being. Elsner says, “This is my first experience working in the nonprofit sector, as well as a small office, and I truly enjoy it. It’s amazing to see the personal interest that [leadership] takes not only in our work, but in the morale of their staff.”

Leadership's consideration for what it's like to work at the foundation has helped to maintain staff morale, particularly when the foundation has gone through periods of change. Recently, the foundation faced a need to change its health benefits due to rising health care costs. Instead of changing the health benefits policy based solely on the foundation's financial need, leadership sought to find a plan that would minimize the burden on staff. To understand what aspects of their benefits staff valued the most, Skillman's CFO, Danielle Olekszyk, administered an anonymous survey to all staff. The results were clear: staff members wanted to keep their individual health care providers. To make that possible, leadership sought out a new plan that would reduce the foundation's costs but also allow staff to retain their current providers.

Elsner appreciates the effort to prioritize the needs of staff in making this decision. "At the end of the day, they're still the managers and they have to make the

best decision for the foundation. But the fact that they asked for our input and care how it affects us means a lot," she says.

The foundation's internal feedback mechanisms and staff-driven committees hold the foundation accountable to its values and gives staff confidence that leadership does "try to create an environment that supports [staff] in doing the highest quality of work," says Goss.

For Elsner, that confidence translates into trust. "The senior management team is a really great team, and they know what they're doing," she says. "I trust the leadership a great deal."

Allen says, "It's important to me that as an organization, our staff are satisfied, they're fully engaged, they feel empowered, they are functioning as a high-performing team, and that they ultimately feel like they are making impact that the organization hopes to achieve."



From the back row, left to right: Henry McClendon and Tamalon Meeks; Holly Elsner and Danielle Skoniesk; Marie Colombo.

Appendix: Methodology

Three different sources of data were used for this research:

- » Survey data collected from foundation staff
- » Data collected about the foundation and foundation CEOs
- » Interviews with foundation staff

The staff and foundation data were analyzed before the interviews took place. Questions asked during the interviews were designed to elucidate findings that had emerged from the analysis of survey responses. All research and analyses were developed and executed by CEP staff.

Survey of Staff

The staff data discussed in this report was gathered through confidential surveys administered between summer 2007 and winter 2011. These surveys were administered as part of CEP's Staff Perception Report® (SPR) assessment process. When a foundation commissions an SPR to understand how its staff members perceive what it's like to work at that foundation, we send a survey to each staff member at the foundation, with the exception of the CEO.

Sample

Surveys were sent to the 1,342 staff members of 31 foundations that commissioned a Staff Perception Report (SPR) from CEP from 2007 to 2011; 1,262 responded, yielding a response rate of 94 percent. The 54 respondents who reported working 35 hours or fewer were removed from the dataset for this research, as were the 40 staff who did not respond to the question seeking their average weekly work hours, leaving us with a dataset of 1,168 full-time foundation staff.

Method

Staff responded to 30 survey items, many of which were rated on a seven-point Likert rating scale; other items contained categorical response options. The survey also included four open-ended items. Staff responded to the survey on paper or online, and their data was kept confidential.¹⁷ The survey items explored different dimensions of staff members' perceptions of working at their foundation, including perceptions of the foundation's culture and work environment, the foundation's expertise, and the foundation's grantmaking. In addition, the survey sought data from staff about their performance review process, professional development opportunities, and characteristics of their role at the foundation.

Quantitative Analysis

To analyze the data, t-tests, chi-square analyses, correlations, and analyses of variance (ANOVA) were used to understand relationships between individual survey items. Factor analysis was used to understand which items in the survey were measuring similar underlying constructs. Regression and hierarchical linear modeling (HLM) analyses were used to create models predicting satisfaction and empowerment. An alpha level of 0.05 was used to determine statistical significance for all analyses. Only findings reaching at least a medium effect size were discussed in this publication.

Factor Analysis

Factor analysis was used to understand which items in the survey were measuring similar underlying constructs.¹⁸ Five factors resulted from the factor analysis: Employee Empowerment, Management and Communications, Expertise, Risk Tolerance, and Grantmaking.

Fourteen survey items were shown to be measuring one underlying concept, which we named Employee Empowerment. For each staff member in our survey, responses to these 14 items were averaged to create a score on the empowerment measure. In summer 2008, we updated the staff perception survey instrument. Two of the items that are part of the empowerment measure, "I thoroughly understand my current roles and responsibilities" and "I am treated with respect by other staff," did not exist in versions of the survey used before fall 2008; for staff members who completed the survey prior to that time, their average for the empowerment measure was created based on the 12 items to which they responded. A correlation was run on the factor created in both ways for respondents after fall 2008. The correlation coefficient was a 0.99, indicating an extremely strong relationship across the two calculations. The employee empowerment measure was used as the dependent variable in the regression analysis described in the second key finding of this report.

Ten survey items were shown to be measuring an underlying concept that we named Management and Communications. For each staff member in our survey, responses to these 10 items were averaged to create a score on the Management and Communications measure.

¹⁷ Of the staff who responded, six percent completed the survey on paper rather than online.

¹⁸ Factor analysis was conducted using oblique rotation and maximum likelihood estimation.

Regression Analysis

A series of ordinary least squares (OLS) regressions was conducted to understand the predictors of satisfaction and the predictors of employee empowerment. Because OLS regressions carry assumptions that our data could not meet, a series of robust regressions was also run to understand whether the non-normal distribution of our dependent variables biased the results of the models. The robust regressions confirmed the findings of the OLS regressions; therefore, the OLS regressions findings are presented in this report.

The R^2 for the OLS regression predicting satisfaction was 63 percent, meaning that our model explains 63 percent of the variation in respondents' satisfaction ratings. The standardized beta coefficients, which indicate the relative predictive power of each variable, are as follows in descending order:

- » Employee Empowerment: 0.72
- » Management and Communications: 0.10

The R^2 for the regression predicting empowerment was 53 percent, meaning that our model explained 53 percent of the variation in employee empowerment scores. In descending order, the standardized beta coefficients for the variables explaining employee empowerment are as follows:

- » Management articulates clear direction for the future: 0.32
- » Foundation's devotion to employees: 0.19
- » Fairness of performance review for evaluating overall job performance: 0.19
- » Working toward the same goals as the CEO and board: 0.16¹⁹
- » Helpfulness of performance review in improving performance: 0.15

Hierarchical Linear Models

The structure of data analyzed for this research is a nested one: ratings from staff members are clustered within foundations. Variation in an outcome, such as staff satisfaction, could exist at both levels: individual staff members and foundations. Hierarchical linear models (HLM) are an extension of linear regression. A series of HLM models was run to understand: 1) the degree of variation in the variables used in this research occurring at the foundation level, and 2) whether foundation-level variables, such as staff size, helped to explain variation in staff member ratings.

Qualitative Analysis

The survey administered to staff included four open-ended items:

1. What do you see as the foundation's strengths?

2. What do you see as the foundation's weaknesses?
3. What changes can be made to help you do your job better, to improve the work environment, and/or to increase your overall satisfaction with the foundation?
4. Please provide any other comments or suggestions for improvement on how the Foundation could be more effective in achieving its goals.

For the question asking about what changes could be made to increase satisfaction, only staff responses provided between fall 2008 and winter 2011 were analyzed because a question wording change made previous responses to this question not comparable to more recent responses. A total of 626 staff suggestions from 24 foundations were provided to this open-ended item.

For this item, a coding scheme was developed by reading through all the responses to identify recurring themes, creating categories for the themes, and coding each comment according to the categories. One CEP staff member coded all responses to the item and a second staff member coded 15 percent of the responses to test the consistency in coding. After comments under several codes were re-coded following the testing process, at least an 80 percent level of inter-rater agreement was achieved for each code. Responses to the other three open-ended items were not systematically coded.

Throughout this report, quotes used to bring the quantitative findings to life were carefully selected based on the ratings respondents provided in the survey. Quotes used to describe the experiences of those who rated high on a variable came from respondents who had rated high on that particular variable. Quotes used to describe the experience of staff members who rated low on a variable came from staff members who had rated low on that particular variable in the survey.

Interviews for Case Studies

Foundations were profiled for this report to provide examples of highly-rated foundations. The two foundations chosen for these case studies scored in the top 30 percent of the dataset for both satisfaction and empowerment. We randomly selected one program officer and one non-program support staff member from each foundation to be interviewed, along with the foundation's CEO and members of the foundation's leadership team.

All interviews were conducted via phone and lasted 30 to 60 minutes. The interviews were recorded and transcribed. All the staff members interviewed reviewed the case study about their foundation and agreed to share the quotes in this report publicly.

¹⁹This variable is the average of two variables in the survey: "To what extent do you believe you are working toward the same goals as the trustees/board of directors?" and "To what extent do you believe you are working toward the same goals as the chief executive officer?" These two variables are strongly correlated, with a statistically significant correlation coefficient of 0.66.

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