

WALDRON and
EVANS SCHOOL OF PUBLIC POLICY & GOVERNANCE

PASSIONATE, QUALIFIED... BUT HESITANT TO MOVE

EXECUTIVE MOBILITY IN THE SOCIAL SECTOR



EVANS SCHOOL
OF PUBLIC POLICY AND GOVERNANCE

UNIVERSITY of WASHINGTON


waldron

A LETTER FROM WALDRON'S CEO AND FOUNDER

“The Chief Executive position is a perfect fit for me and I’m very interested, but I can’t possibly relocate. Would the board of directors consider a remote CEO?”

This has become a common refrain when social sector organizations are filling leadership positions. The social sector’s dwindling leadership pipeline has been well documented; last year the University of Washington Evans School of Public Policy and Governance and Waldron’s social sector survey, *Readiness, Reticence, and Reality*, showed decreasing interest among senior leaders in taking on executive level responsibilities. As a result, when filling senior leadership positions, organizations must search outside their local talent pool to find qualified candidates.

Unfortunately, attracting leaders flexible enough to pull up stakes and move to a new community seems more difficult than ever when we speak with organizations. In our work with the social sector, we routinely hear that spousal and partner dual careers, dramatic differentials in cost of living, aging parental care, and concern for moving school age children are obstacles for relocating candidates. As we turned to this year’s survey, we explored these issues to uncover the top limiting factors and share solutions.

We limited our research to social sector organizations because we know the challenge is different for these organizations; foundations and nonprofits do not have unlimited budgets to mitigate all relocation expenses, and local organizations with regional funders and place-based programs need their leaders to be just that...local.

We hope this survey and the ideas from the field will be the beginning of a continued discussion on relocation challenges and developing a robust, talented, leadership pipeline for the social sector.

Signed,

Tom Waldron

TABLE OF CONTENTS

4 INTRODUCTION AND METHODOLOGY

6 RESPONDENTS AT A GLANCE

8 A CHALLENGE FOR ALL ORGANIZATIONS

10 GAUGING WILLINGNESS TO MOVE

14 GEOGRAPHY, HOUSING AND COMPENSATION

18 REMOTE WORKING

22 CONCLUSIONS

INTRODUCTION AND METHODOLOGY

As the “leadership crisis” from mass retirements looms in the headlines, discussions are emerging about how the social sector will deal with these changes. This year, the University of Washington Evans School and Waldron wanted to learn how social sector organizations are dealing with a reduced pool of willing candidates for senior leadership team positions.

Our 2014 survey highlighted a disconnect between the talent development opportunities social sector CEOs say they provide and what their senior leadership teams report they receive: 90% of CEOs believe their organization provides leadership development opportunities but only 52% of senior leadership team members agree. With the expected retirement crisis, retaining and attracting top talent will continue to be a key issue for social sector organizations.

In the 2015 survey, we asked chief executive officers, executive directors, and their senior leadership team members what challenges their organizations face when recruiting leadership candidates from outside their area, as well as their own personal obstacles to relocating for a role.

The survey was conducted through an online platform between July 2015 and August 2015. 2,144 individuals with chief executive officer, president, senior vice president, or chief operating officer titles were emailed; 151 individuals responded to the survey.

Contacted organizations had a minimum of \$100 million in assets (foundations) or budget (nonprofits) based on 2012 financial reports, and had to have operations in the United States.

OUR REPORT FOCUS IS ON THREE AREAS:

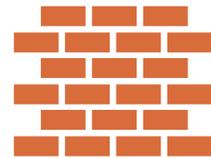
Mobility

Are candidates increasingly unlikely to move for their ideal job?



Top barriers

What are the important barriers and what steps are organizations taking to mitigate these issues for their current or potential employees?



Remote work

Are social sector organizations using technology to allow team members to work from a location other than headquarters and how is it impacting teams?



RESPONDENTS AT A GLANCE

DEMOGRAPHICS

GENDER



51%
FEMALE



49%
MALE

ORGANIZATION TYPE



ASSETS



MINIMUM ASSETS/
OPERATING BUDGETS
OF ORGANIZATIONS

RESPONDENT TITLES

PRESIDENT
EXECUTIVE DIRECTOR
CHIEF EXECUTIVE OFFICER

40

VICE PRESIDENT
ASSOCIATE DIRECTOR
CHIEF OPERATING OFFICER

70

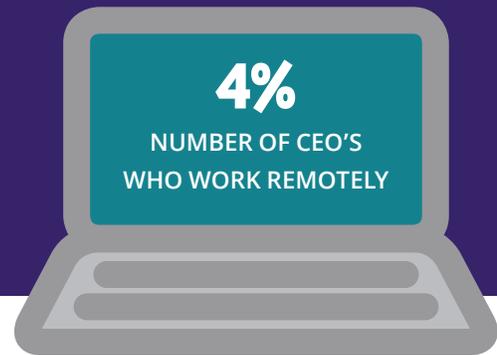
OTHER SENIOR LEADERSHIP
TEAM MEMBER

41

MISSION ISN'T ENOUGH

39%

Only **39%** of social sector leaders would move for mission alone



59%

URBAN



41%

NONURBAN

ORGANIZATION LOCATIONS

HESITANT TO MOVE

Urban organizations report an increase in candidates being unwilling to move

TOP RELOCATION CHALLENGES



SPOUSE/PARTNER CAREER



COMPENSATION



GEOGRAPHIC LOCATION

ADDITIONAL CONCERNS HEARD

MANY RESPONDENTS EXPRESSED THE CHALLENGES OF **ELDER CARE** AND **SINGLE PARENT CHILDCARE** AS ADDITIONAL RELOCATION CHALLENGES.



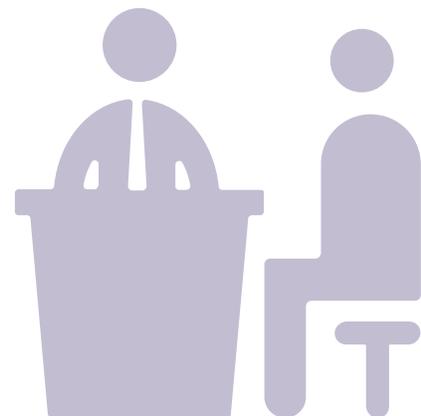
THE NUMBER OF SENIOR LEADERS WHO REPORT THAT COST OF HOUSING WOULD CAUSE THEM TO DECLINE A POSITION.



A CHALLENGE FOR ALL ORGANIZATIONS



When thinking of hiring practices and challenges, we often assume organizations with smaller staff (less than 20) and organizations with 1,000+ staff behave differently. After all, employee size impacts organization culture, resources, and opportunities for employees to demonstrate aptitude for a new role.





OVER HALF OF ORGANIZATIONS—BOTH LARGE AND SMALL—REPORTED THAT MOST LEADERSHIP ROLES ARE FILLED BY EXTERNAL CANDIDATES

However, when survey respondents were asked the percentage of vacant senior leadership positions that were filled from internal talent, responses showed the same pattern across organizations. At most organizations, 25% or less of the senior leadership team were internal hires. Staff size showed little impact on these hiring behaviors; organizations of all sizes rely on external candidates for their most senior leadership roles.

This revealing finding sets the stage for our survey's deep dive into hiring challenges caused by mobility, and the innovations organizations seek to overcome them. Whether a small-staffed family foundation or a global nonprofit, the findings and conclusions offered align with the hiring behaviors of the social sector.

GAUGING WILLINGNESS TO MOVE (MOBILITY)



In many cases, open leadership positions involve a national search. At Waldron, we often see candidates remove themselves from the selection pool when it comes time to seriously consider relocation. With growing concerns about the social sector pipeline, we wanted to measure the challenges organizations face hiring “out-of-area” leaders.

Respondents were asked about the top three issues they hear from candidates about being unable to relocate to their organization. Spouse/partner career mobility claimed the top spot at 55%, lower compensation package was second with 46%, and the location of the organization was third with 41%.

As the number of households with two working adults continues to increase², decisions about moving to a new location for a position become increasingly complicated. Additionally, if top talent feels the compensation is not worth the move or creates a financial burden, it is even more difficult to attract them to a new location.

² *Employment Characteristics of Families Summary* (U.S. Bureau of Labor Statistics)
<http://www.bls.gov/news.release/famee.nr0.htm>

A DIFFERENCE OF OPINIONS

RELOCATION CHALLENGES



 RELOCATION CHALLENGES HEARD BY ORGANIZATIONS WHEN AN OFFER IS TURNED DOWN.

 SOCIAL SECTOR LEADERS REPORTING ON THEIR OWN REASON FOR NOT RELOCATING.

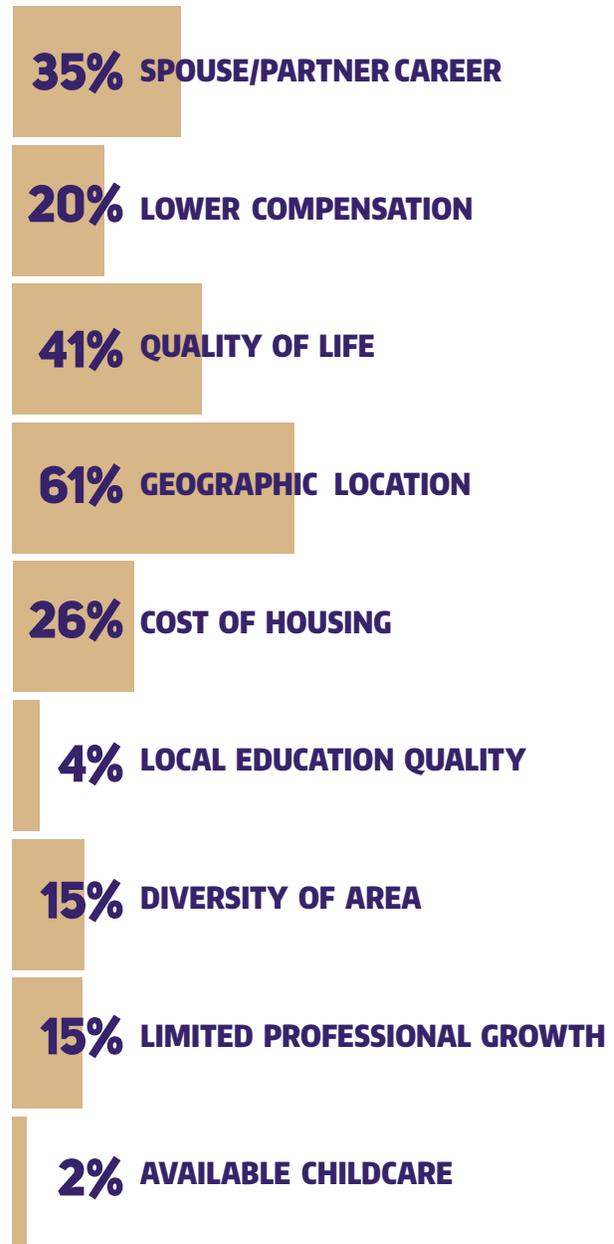
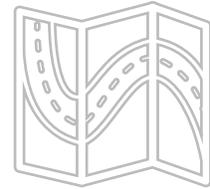
SURVEY RESPONDENTS WERE ASKED TO SELECT UP TO THREE RESPONSES.

In contrast, when respondents were asked what would stop them from taking a new position that required relocation, the top three responses did not match what organizations report hearing from candidates. Because our respondent pool is effectively the same as the candidate pool for senior positions, we anticipated seeing the same top challenges reported. Instead, respondents own assessment of barriers to relocation differs. Quality of life is the top challenge with 68%, geographic location was second with 59%, and cost of housing was third with 48%, ranking higher than spouse/partner career mobility, which was at 37%.

Of those who report they declined an offer that required relocation in the past ten years, spouse/partner career mobility was rated a less important factor than geography (61%) and quality of life (41%), which were the top two reported reasons for declining a position. However, Spouse/partner mobility (35%) and cost of living (26%) did play an important role for many individuals.

These inconsistencies suggest that organizations may not be hearing the full story about relocation challenges from declining candidates. The geographic location and perceived desirability of the location sways candidates, as does the cost of living in an area. Additionally, we heard concerns of caring for elderly parents, custody arrangements and the emotional toll of moving as common threads in our write-in responses. Organizations must be attentive to these barriers despite the reasons given by declining candidates.

REASONS LEADERS DECLINED A POSITION



SURVEY RESPONDENTS WERE ASKED TO SELECT UP TO THREE RESPONSES.

“There are less desirable places in the country to live, and attracting talent to those places is very difficult.”

LEADERS’ VOICES AMPLIFIED

“There is a growing number of potential senior leaders who need to stay in the same geographic location because they are caring for elderly parents and do not feel they can leave them behind or take them with them.”

“A housing market that has not fully recovered can cause staff to be reluctant to relocate when they aren’t sure they will be able to sell their home.”

“My spouse was out of work for an entire year when we relocated. That puts incredible pressure and strain on families both financially and emotionally.”

GEOGRAPHY, HOUSING AND COMPENSATION

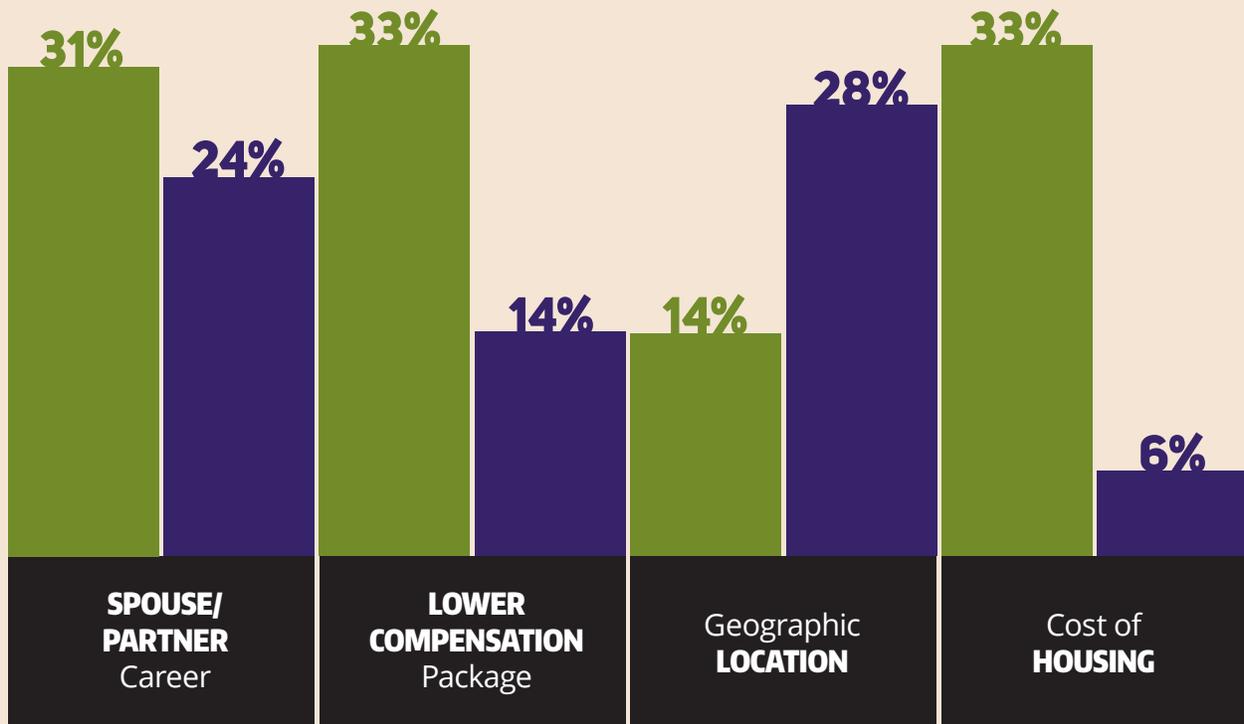
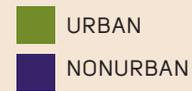


GEOGRAPHY

Our social sector leaders represent organizations across the country: 59% are located in major metropolitan areas (defined as population over 1.38 million in the greater metropolitan area) and 41% are in nonurban (population below 1.38 million). Location influences an organization's access to human and financial capital³, however, a founder's history, a place-based mission, or proximity to major donors and resources may all dictate an organization's location; many organizations cannot "pick up and move" for the sake of the talent pipeline. When looking at responses by location, our survey suggests that urban and non-urban areas face unique challenges when hiring new talent.

³ www.theatlantic.com/business/archive/2010/09/human-capital-density/62570

RELOCATION CHALLENGES DIFFER BY LOCATION



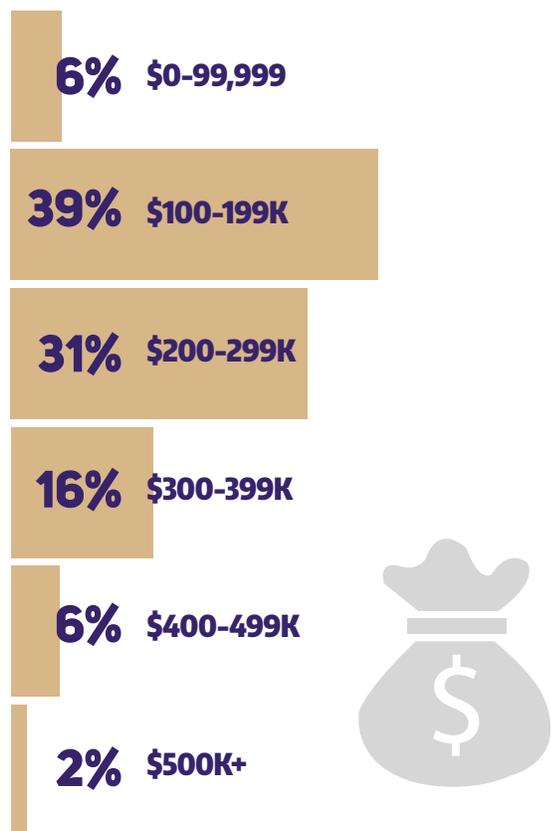
Organizations in urban areas cite compensation packages and cost of housing as significant barriers at a significantly higher rate than nonurban organizations. Nonurban organizations are more likely to cite geographic location as a barrier to hiring than urban organizations. For hiring organizations, hesitations to move are specific to location, and thus require incentives specific to the hesitations to make the move.



HOUSING AND COMPENSATION

Social sector organizations typically offer lower compensation than their for-profit counterparts. Our findings correspond with the established narratives around social sector compensation. One’s ability to meet the cost of housing is associated with compensation level, and as housing costs rise, particularly in urban and dense areas, the ability to find suitable housing is an increasingly top-of-mind topic for residents, employers, and public policy makers.

SOCIAL SECTOR LEADER COMPENSATION



COMPENSATION

While competitive compensation is still a key decision making factor, it now ranks second to geographic location in terms of why individuals turn down an offer that requires a move.

This challenge is overwhelmingly heard by urban-based organizations and more often reported by domestic-focused nonprofits. Nearly 60% of domestic-focused nonprofits say lower compensation is one of the top challenges they hear from candidates.

Although not all respondents are deterred by compensation challenges—39% say they would move to any area for the right role—27% of respondents say they would only relocate for a role if it came with the right compensation package.

LEADERS' VOICES AMPLIFIED

"Some of our government funding imposes maximum caps on salary making it difficult to attract highly qualified staff to where cost of living is very high."

COST OF HOUSING

We found that a substantial portion of leadership candidates—nearly half—would not take a job that required relocation because of the cost of housing in the new area.

According to Harvard University's Joint Center for Housing Studies, rents rose 3.2 percent last year—twice the pace of overall inflation.⁴ For an individual or family moving to a new area, particularly if transitioning from a rural community to a major metropolitan area, the cost of housing difference may cause a substantial shift in the size, type, and location they are able to afford on a similar salary. This shift alone may deter candidates. The chart below compares cities with the largest concentration of social sector organizations.

CITY	MEDIAN 1BDR RENT	MEDIAN SINGLE FAMILY HOME
San Francisco	\$3,530	\$1.14M
New York City	\$3,160	\$574,000
Washington, D.C.	\$2,110	\$530,000
Chicago	\$1,920	\$295,000
Los Angeles	\$1,830	\$587,000
Seattle	\$1,650	\$499,000

Forty-eight percent of respondents say they would decline a position that required relocation because of the cost of housing; 26% of respondents have already declined an attractive opportunity within the last 10 years for this reason.

Organizations' hiring teams also hear that housing costs are a challenge from candidates for their senior leadership roles. Fifty-five percent of nonprofits in our sample say the cost of housing is a top challenge heard from candidates considering relocating for a role; 29% of foundations also cite this as a top challenge. Compared to rural-headquartered organizations, urban organizations more strongly feel that candidates are unwilling to move to their location for a position.

LEADERS' VOICES AMPLIFIED

"In our geography, the cost of housing is a significant impediment to the recruitment of qualified candidates."

FOR YOUR CONSIDERATION

The U.S. Department of Housing and Urban Development considers families who pay more than 30% of their income for housing as cost burdened. While the survey focused on only the most financially substantive organizations and staff at senior and executive levels, areas where these organizations are housed may still create financial challenges for those earners. As we consider cultivating the leadership pipeline and developing talent in more junior staffers, this issue becomes even more poignant.

⁴www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son_2015_key_facts.pdf

REMOTE WORKING



Remote working, or telecommuting from a location outside an organization's office, has become more feasible for organizations due to improvements in collaboration software, shared work systems, and pervasive high speed internet connections. While some private sector organizations have embraced remote working⁵, we often hear anecdotally that the social sector has not followed suit.

⁵ Society for Human Resource Management, October 2014,
<http://www.shrm.org/Research/Documents/14-WorkplaceFlexibility-OverviewofFWAs.pdf>

WHO WORKS REMOTELY IN THE SOCIAL SECTOR?



4%
OF CEOS,
EXECUTIVE
DIRECTORS



17%
OF VICE
PRESIDENTS,
ASSOCIATE
DIRECTORS



37%
SENIOR
LEADERSHIP
TEAM



54%
DO NOT HAVE
ANY REMOTE
WORKERS



62%
OF REMOTE WORKERS
WORK FOR URBAN
HEADQUARTERED LOCATIONS



38%
OF REMOTE WORKERS
WORK FOR NONURBAN
HEADQUARTERED LOCATIONS

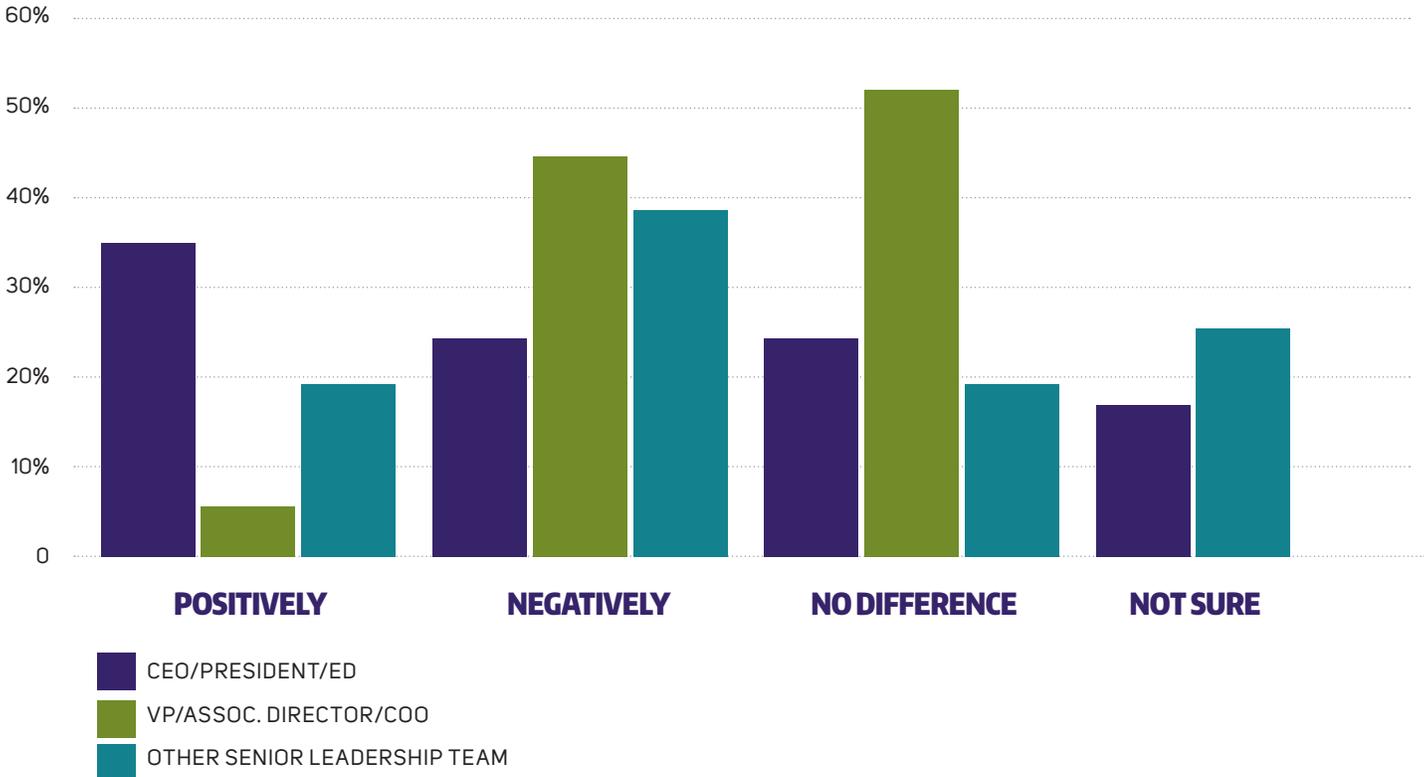
Results showed that organizations located in urban areas are more likely to have executives working remotely or telecommuting than those in nonurban areas. This may represent an attempt to solve the expense of living in a costly city.

Very few CEO's and Executive Directors in our survey reported that they work remotely (only 4%). However, 17% of organizations have a

Vice President or Assistant Director who works remotely and 37% have another senior leadership team member working from afar.

A strong case can be made that CEOs need to be present in the office to be effective, which would explain the difference in remote working rates. CEOs must communicate the priorities of the organization to staff members, fundraise, and engage with the board and other management; tasks that might not lend themselves to remote working.

**IMPRESSION OF REMOTE WORKING
BY TITLE**



35%
OF CEOS SAY
REMOTE WORKING
HAS INCREASED
PERFORMANCE

ONLY
5%
OF VICE
PRESIDENTS
AGREE

Those who have remote working staff were asked how they perceive its impact on work performance and effectiveness. Fifty-one percent of respondents say that remote work has maintained or improved the remote worker's performance. Thirty-five percent say there has been a negative impact in leadership culture and performance.

CEO's and senior leadership team members had varied opinions and neither group showed a strong negative or positive opinion on remote work. However, Vice President and Assistant Directors were more likely to report a negative impact on worker effectiveness. This may be due to lower actual effectiveness or may be a perception issue; without further study we cannot distinguish between these two possibilities. However, the responses do seem to indicate that peers rate remote working effectiveness differently than the managers of remote workers. This finding echoes other studies. A recent Pew Research survey found that workers who are most likely to use or to be exposed to other users of remote working technology have the lowest opinion of it. They are more likely to be critical or cautious about its limitations rather than focus on strengths.⁶

Respondents shared the challenges and realities of implementing and accommodating remote work. Some organizations lacked the funding, knowledge, or interest in integrating technologies that support remote work, such as shared work networks and collaboration software. Other organizations found it difficult to provide remote work to staff that have managerial duties. Still others added that if they could not extend remote work to all functional areas, they did not consider it fair to offer it to any employee. Other respondents discussed the difficulty of attracting private sector talent who come with the assumption that remote work will be an option in the nonprofit sector.

⁶ <http://www.pewinternet.org/2014/09/10/younger-americans-and-public-libraries/>

CONCLUSIONS

A variety of challenges face organizations when replacing a leadership team member. Some leaders state that they are willing to move—if it is for the right role or with the right compensation package—but they face many barriers to relocating.

This survey provided an opportunity for social sector leaders to discuss innovations in addressing relocation challenges and remote leaders. While some said their organizations had increased compensation or added vacation time, the responses emphasized that no organization has found the golden ticket to attracting candidates in the competitive landscape.

Some tactics from the field and compensation options when attracting out of area talent:

- Offer an extended “transition period”: An individual can remain in their current location, with an agreed upon rhythm of travel to the organization headquarters. This allows more time for family transitions and the sale of real estate.
- Consider if the position can be served effectively with a remote leader. While this may incite culture shifts and require adopting new technologies, it greatly extends the radius of candidate location.
- Create a comprehensive relocation package. This would ideally include moving expenses, temporary housing, short term commuting expenses, spousal/partner career transition services, and school placement counseling.

- Create social and professional networking activities in the early months of transition. Make sure someone internally is charged with new hire integration and troubleshooting.
- Connect with senior care consultants to work with new hires who are responsible for caring for aging parents.
- Listen carefully and patiently to the needs of the individual. Often, your organization’s culture is defined by these first impressions during negotiating a relocation plan.

There is no simple solution to all of these challenges; organization and individual circumstances are unique. However, as the social sector labor market continues to tighten, organizations should be prepared for a competitive talent landscape.

Organizations that offer modern and people sensitive relocation programs will have a competitive edge when attracting top national and international talent.

