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# Talent Management Practices in California Nonprofit Organizations

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## Abstract

This study investigates prevailing talent management (TM) practices in the context of nonprofit organizations, using an exploratory qualitative research design. While the research is clear that TM enhances outcomes in the for-profit sector, limited studies have explored TM practices and processes in the context of nonprofits. It is important to examine this sector because nonprofits are struggling to compete with their for-profit and public counterparts to recruit and retain talented individuals, who would in turn, drive growth not only for the organization but also for the sector.

This research explored how nonprofit employees in management positions engage in talent management practices that are designed to attract, develop and retain high-quality individuals. It also examined the factors that support and challenge their efforts. Constructive grounded theory was employed as the overarching method to collect and analyze data, gaining perspectives from experienced nonprofit professionals. The chosen method allowed in-depth understanding through meaningful reflections and sense-making of the data on the field. This qualitative study was carried out through semi-structured interviews with key informants as described above, to gain perspectives on TM in the context of nonprofits. Then, propositions were generated inductively from the data obtained through coding processes.

Given that existing literature as well as emergent findings suggested that nonprofits are still lagging behind the other sectors in talent management practices, especially in talent development and talent retention. The main challenge identified was inadequate financial resources. This implies that nonprofits struggle to offer attractive compensation packages to draw and retain their best talents. Another implication is on budgeting on talent development since nonprofits possess less financial resources, coupled with the public pressure to maintain low overhead costs, nonprofits spend significantly less investments on human resource development. As nonprofit leaders and administrators continue to face challenges in rising competition in acquiring talents, this research offers practical recommendations to promote hands-on strategies; leveraging non-monetary incentives, promoting career growth and developmental opportunities among others, to help nonprofits achieve their strategic goals and further sustain organizational agenda.

**Keywords:** Talent management, HRM, nonprofit management, talent development, nonprofit organization governance

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## Introduction

In response to the fierce competition for the best human capital, which McKinsey referred to as “the war for talent”, the concept of talent management <sup>TM</sup> became more popular toward the end of the 1990s (Chambers et al., 1998). This was a reflection of the need for various types of organizations to adapt their human resources practices. Beechler and Woodward (2009) cited some variables that contribute to a lack of talent, including shifts in demographic and economic trends around the world, more human mobility, increased workplace diversity, and corporate disruptions brought on by innovations.

The development of small and medium-sized enterprises that pursue the same talent as their larger counterparts was also noted by Chambers et al (1999). To be competitive in their particular markets, firms must actively look for talent (Becker et al., 2009; Breugh & Starke, 2000). The aforementioned workplace changes are a huge source of worry for the charity sector as well, as they are also having difficulty luring and keeping top people. Due to their often-constrained resources, the sector may experience a decline in the quality of services offered by its constrained and under-qualified labor force (Ban et al., 2003; Blass, 2009; Bonner & Obergas, 2009).

Research indicates that nonprofits might potentially improve organizational effectiveness and outcomes if they used effective TM methods to address this issue (Brown & Yoshioka, 2003; Carpenter & Qualls, 2015). Practices in talent management are those that are centered on finding, nurturing, and keeping people that help the organization achieve its goals. According to Axelrod et al. (2001), adopting TM techniques would be one of the most significant performance drivers for businesses. TM is significant because it enables businesses to find and keep the finest employees, which becomes a crucial component of their success (Hughes & Rog, 2008; Rowland, 2011). Research has also highlighted the potential advantages of TM for boosting knowledge management and employee engagement, which in turn contribute to the success of the organization (Cappelli, 2009; Coulson-Thomas, 2012). Furthermore, several studies claim that TM contributes to increased profit, customer satisfaction, and organization’s goals achievement (Betheke-Langenegger, Mahler & Staffelbach, 2011; Cascio & Graham, 2016; Collings, Cascio & Mellahi, 2017).

Although it is evident from the research that TM improves outcomes in the for-profit sector, only a small number of studies have specifically examined TM methods and processes in the setting of nonprofits (Carpenter & Qualls, 2015; Carpenter, 2017). Examining this industry is crucial since NGOs find it difficult to compete with their for-profit and public counterparts for the recruitment and retention of skilled workers who would then spur growth for both the organization and the sector as a whole.

## The Definition of Talent and Talent Management

The definition and clarity of the notion of talent management are still debated among researchers (Hughes & Rog, 2008; Lewis & Hackman, 2006; Tansely, 2011). According to Santoshkumar and Rajasekar (2012), TM can mean many things to various firms. Additionally, many academics refer to skills using terminology similar to this. These include, among others, high performers, stars, star employees, and star performers. The concept of stars or star performers, who exhibit disproportionately superior and sustained performance, social capital, and visibility compared to other employees, has received a lot of attention recently (Call et al.,

2015; Kehoe et al., 2016; O'Boyle & Kroska, 2017). It is important to remember that the idea of skills can also be seen in the context of crucial strategic functions.

Many different terms are utilized, such as essential role and key strategic position. For instance, Stahl et al. (2007) stressed the need of placing talents in these critical positions, which the company will determine (Boudreau & Ramstad, 2005; Collings & Mellahi, 2009; Whelan, Collings, & Donnellan, 2009). Businesses should invest in hiring skilled individuals for these professions after they have been discovered to reap the rewards. Furthermore, Becker et al. (2009) emphasized that while these roles may not always be leadership positions, they nonetheless have a significant impact on how the business strategy is carried out. On the other side, if unsuitable individuals are chosen for these jobs, it could result in unintended consequences like increased expenditures for the business.

Two other components (social capital and visibility) must also be attained and maintained for a considerable amount of time in addition to exhibiting great performances, which the majority of earlier studies have highlighted. This might be made visible both inside and outside of the organization. According to Groysberg et al. (2008), only a small number of the organization's top performers would attract clients' and rivals' attention through their increased visibility, suggesting that their performances are visible to the public. Given the disproportionately high value that high performers bring to organizational goals, stars are more difficult and expensive to replace and may have an impact on the company's reputation should they choose to leave. They also have a higher chance of achieving leadership roles (Aguinis & O'Boyle, 2014). A fascinating subject is a variation in the stars' mobility, which explores how they perform when they switch jobs. When stars transfer to a new firm that enables them to participate in comparable work and work circumstances, Groysberg and Lee (2009) highlighted that they are likely to maintain their past performance levels.

The Chartered Institute of Personnel and Development ([CIPD]; 2007), offers a more useful definition of talent. Its working definition of talented individuals is those that can represent their natural potential in organizations' present and future performances, thereby having the biggest impact on the company. The definition of talent varies depending on whether the emphasis is placed on talented people themselves, on attributes or characteristics that can be seen, or even on the needs of the organization as described in some statements (Yarnall, 2011). Some scholars believe that talent is not static but can instead be developed (Tansley, 2011).

The CIPD (2009) defines talent management (TM) as the planned attraction, deployment, development, and retention of individuals who have high potential and are valuable to the enterprise. Additionally, it is thought that TM procedures must be incorporated into HRM policies and procedures (Hughes & Rog, 2008; Lewis & Heckman, 2006; Stewart & Harte, 2010; Wikstrom & Martin, 2012). This philosophy is consistent with Sunday's (2012) projection that organizations can approach TM from one of five strategic perspectives: process, culture, competitiveness, HR planning, and change management. Sunday (2012) indicated that for this to be effective, the talent mentality must be adopted by the entire organization and should be in line with strategic objectives. Additionally, Sunday (2012) saw TM as the nexus of strategy, HRM, succession planning, and recruitment, development, and retention tactics. As a result, there is a significant link between TM and HRM, which has led some academics to hypothesize that TM is simply HRM with a different name. Capelli (2008) made the distinction that although TM may be seen as a rebranding of HRM, it places more attention on internal and external talents than it does on all of the organization's employees.

### **The Five Processes of Talent Management**

Depending on the subject and the language used to describe the processes, some literature has described TM processes in slightly different ways. The key procedures often appear to fit into one of five broad categories: talent acquisition, talent deployment, talent development, talent retention, and succession planning. The initial stage of the hiring process heavily affects the company's reputation and branding. According to Glen (2007), employer branding and attracting top talent go hand in hand since talented people want to work for organizations that will help them progress their careers and maximize their potential. Additionally, Ana (2009) noted that it would be more challenging to draw in outside talent without strong branding.

Numerous reputable businesses continuously hire new employees or do so whenever they discover talent. Then, they would create training courses to prepare them for upcoming leadership positions (Chambers et al., 1998). On the other hand, talent can also be found internally, and doing so has several advantages. Internal hiring, according to Armstrong (2006), could boost the morale of current employees who are already familiar with the company's culture. Although external hiring frequently results in greater creativity and transformation for the firm (Rodríguez & Escobar, 2010).

The talent deployment phase involves the decision of firms to link strategies with implementations, especially in the phases of entering, positioning, and leaving talented employees. Guarino (2007) suggested that firms should match positions with competencies to suitably identify people with high performances. When key positions are matched with required competencies, firms can carry out their organizational objectives and derive expected outcomes. Many researchers (Burkus & Osula, 2011; Groysberg, Sant, & Abrahams, 2008; Stuart-Kotze & Dunn, 2008) have believed that talent ought to be developed in-house since acquiring talent from other organizations may not yield the expected impact for the acquiring organization.

Several aspects should be taken into consideration to retain talent, especially those that have an impact on careers, like benefits and salary (Whelan & Carcary, 2011). A suitable reward and compensation system is unavoidable since people are driven by both intrinsic and extrinsic motivations, making it necessary to attract talent and guarantee long-term retention (Vaiman & Vance, 2008). Lower productivity and high replacement costs for lost skills are other consequences of failing to retain talent, according to Echols (2007).

The final step in TM is succession planning, which Hill (2009) defined as the tactic that enables businesses to expand and operate well in the future by filling the most important leadership positions with internal talent. A succession plan is essential to ensure the organization's stability and competitiveness, according to Charan, Drotter, and Noel (2011). Consequently, a crucial component of succession planning is estimating future needs. According to Huang (2001), developing the competencies of employees who have the potential to be chosen for key leadership positions will give organizations a competitive advantage. As an alternative, Capelli (2008) promoted the strategy of using outside talent to reduce the risks associated with succession planning.

The five key processes of TM give an overview of how TM is practiced in organizations, even across sectors. It reflects conventional HRM processes, though one could argue that TM processes deal exclusively with those who are identified or thought of as talents, rather than average employees. One main criticism of TM, apart from the lack of a common definition, is that it is difficult to derive best practices from TM since each organization is

context-specific and differs in many aspects of implementation in TM strategies and processes. To implement TM initiatives, organizational cultural barriers must be removed. Cole (2007) brought up the problem of knowledge holding, arguing that because people are naturally competitive, they prefer to retain their knowledge to themselves rather than share it with others in the business. Cole (2007) goes on to advise organizations to modify their remuneration structures in order to reward individuals who disseminate this information throughout the organization.

### **Factors Affecting the Success of Talent Management in the For-Profit and Public Organizations**

Strategic human resource management incorporates talent management as a vital component. The alignment of the company strategy and goals with the talent strategy is required for successful talent management. Several factors contribute to the success of talent management in an enterprise.

First and foremost, competent leadership is required for the success of talent management. According to a study conducted by Carasco-Saul et al. (2015), effective leadership enhances employee engagement, retention, and development. Leaders that focus on talent management foster a learning and development culture, which attracts and retains top people. Ineffective leadership, on the other hand, can result in a lack of direction, employee dissatisfaction, and high turnover rates.

Second, a strong talent management system encompassing recruiting, selection, onboarding, performance management, and development is required. According to Riggio and Lee (2007), a complete talent management system that matches the organization's strategy may help identify and develop high-potential individuals, ensure employee engagement, and give employees advancement in career opportunities. A lack of a talent management system, on the other side, might result in dissatisfied personnel, high turnover rates, and a skills gap.

Third, a company culture that prioritizes talent management may contribute to its achieving its goals. According to Collings and Mellahi (2009), a culture that prioritizes learning, growth, and employee engagement fosters a sense of belonging and motivates employees to perform to their full potential. Employees are more likely to stay with an organization and contribute to its success if they feel valued and see possibilities for growth and development.

Therefore, competent leadership, a strong talent management system, and an organizational culture that supports talent management are critical to the success of talent management in the business entity. Organizations may attract, retain, and develop elite personnel by implementing these characteristics, which can lead to improved company performance.

Similarly, studies conducted in the realms of public entities and governmental organizations suggested that governmental and public organizations must have a compelling mission, provide professional development opportunities, develop a supportive work culture, and prioritize effective leadership to achieve success in talent management. By implementing these factors, governmental and public organizations can attract and retain talent, develop emerging leaders, and enhance organizational effectiveness, leading to improved public service delivery and mission attainment (Kim & Lee, 2020; Li & Liao, 2019; Budhwar & Varma, 2019).

In addition, the desire to serve the public good over personal gain or self-interest is referred to as public service motivation (PSM). PSM is critical in governmental organizations' talent management since it adds to employee job satisfaction, performance, and retention. Several studies have been conducted to investigate the concept of PSM in the context of public sector organizations. PSM, for example, is defined by Perry and Hondeghem (2008) as "an individual's inclination to respond to motives grounded primarily or exclusively in public institutions and organizations" (p. 362). PSM, according to Perry and Hondeghem (2008), has three key dimensions: commitment to public principles, an interest to serve, and a desire to make a difference.

Given that it influences employee attitudes and behaviors, PSM is relevant to talent management in government organizations. According to Wright and Pandey (2008), PSM has a positive effect on employee job satisfaction, organizational commitment, and performance. Employees with high levels of PSM are more likely to be dedicated to the organization's objective, driven to serve the public, and engaged in civic behavior.

Several strategies can be implemented in governmental organizations' talent management practices to foster PSM in employees. According to Brown and Yoshioka (2003), for example, supporting a strong organizational mission and purpose can assist employees to connect with the values of the firm and contribute to their sense of purpose. Governmental agencies can also give opportunity for people to do meaningful work and contribute to the community.

### **The Importance of Nonprofit Organizations in Talent Management**

Nonprofit organizations must manage their talent to achieve their aims and provide efficient services. Nonprofits can benefit from excellent talent management by attracting and retaining top employees, developing leaders, and improving organizational effectiveness. Several factors can influence the success of nonprofit talent management.

To attract and retain outstanding employees, nonprofits must first have a clear vision and purpose. Word and Sowa (2018) discovered that employees who identify with the organization's mission and purpose are more engaged and motivated to perform well. Nonprofit organizations must therefore clearly express their vision and purpose in order to attract and retain top individuals who are devoted to the organization's aims.

Additionally, nonprofit organizations must provide opportunities for professional growth and development. Opportunities for professional development and progress are critical for non-profit employees to stay engaged and committed to the organization's mission (Idealist, 2019). Nonprofit organizations should offer training, mentorship, and coaching programs to help employees elevate their professions and develop their talents.

Furthermore, success requires a solid organizational climate that values and supports talent management. According to a Bridgespan Group (2018) study, nonprofit organizations with strong cultures that support talent management had greater levels of employee satisfaction, retention, and organizational success. Nonprofits should foster a culture that encourages learning and development, appreciation for employees, and work-life balance.

Effective leadership is another critical component to the success of nonprofit talent management. According to a study conducted by Truss, Alfes, Delbridge, Shantz, and Soane (2013), effective leadership and administration are crucial for employee engagement, job satisfaction, and retention. Nonprofit organizations should place a premium on leadership

development and provide the opportunity for leaders to further develop their skills and expertise.

PSM refers to the individual's motivation to serve the public good rather than their gain or self-interest. Since nonprofit organizations are mission-driven, PSM is a significant component in their talent management. Individuals with high levels of PSM, according to Perry and Wise (1990), are more likely to be attracted to and motivated by public service jobs, such as those in nonprofit organizations. Several studies have been conducted to investigate the relationship between PSM and job satisfaction, organizational commitment, and performance in non-profit organizations. Kim and Vandenabeele (2010) discovered that PSM is connected with work satisfaction and organizational commitment among nonprofit personnel. Employees with high levels of PSM are more likely to be devoted to the organization's mission and values, which leads to leading to improved job satisfaction and performance.

Houston and Bussell (2011) emphasized that organizational culture is a crucial factor in promoting PSM among employees. Nonprofit organizations may cultivate a culture of public service by emphasizing the organization's mission and values, promoting collaborations through meaningful task allocations, and providing opportunities for staff development and growth. To achieve success in talent management, nonprofit organizations must have a clear mission and purpose, convey opportunities for professional development and growth, build a strong organizational culture that values and supports talent management, and prioritize effective leadership. Nonprofit organizations may recruit and retain top personnel, develop leaders, and increase organizational performance by incorporating these attributes, resulting in enhanced service delivery and mission attainment.

## Research Gap

It appears that TM literature has some shortcomings that are mostly brought on by the ambiguity and variety of its terminology. The inability to link the concepts to other well-established domains was caused by this as well as a dearth of studies that focused specifically on the setting. How can researchers, for instance, acquire a useful talent database that enables them to link or integrate study designs and findings to another body of existing knowledge, such as diversity and inclusion? Not to add that TM tends to have a more exclusive stance, which may be problematic in light of the ideals of justice, fairness, and inclusiveness. Furthermore, since there is no literature, database, or demographic information available, conducting a study is challenging due to the lack of systematic data gathering on skills in nonprofit organizations, as many studies gear towards the private sector realm.

Regarding the study's time frame, there would be another issue to criticize. We have not yet seen TM research conducted over a lengthy period or studies of different generations of population life cycles (e.g., X/Y/Baby Boomers), as TM is considered a novel area of inquiry and has been investigated and archived less in comparison to other subjects. The notion that conceptions of talent are too general and unspecific to specific fields or jobs could also be criticized. In other words, how may the notions and definitions of talents be made more precise and representative of the relevant sectors of interest? To put it another way, how do different professions like the fine arts, accounting, and information technology define and conceptualize talent differently?

A review of the TM literature reveals an ambiguity in defining the scope and boundaries of this expanding topic due to imprecise definitions brought out by academics from different fields. Additionally, the lack of empirical evidence to support proposed models and theories concerned academics and practitioners who preferred the area to be more explicitly integrated to challenge the idea that TM is merely another version of HRM. A notable example of this is how TM subfields like talent acquisition still struggle to identify the key principles that might be used to both explain events and occurrences and establish a strong framework for future research. Therefore, it is advised that academics and professionals carry out additional in-depth research and empirical studies to examine the effectiveness of TM.

## **Research Methodology**

This particular study employed the interpretive social science paradigm (Neuman, 2009), to understand and describe meaningful definitions of human interaction i.e. talent management practices of nonprofits. Particularly, it aims to explore how nonprofit leaders and professionals engage in talent management practices that are designed to attract, develop and retain high-quality individuals. This also examines the conditions that support and hinder their efforts. In addition, this study will be conducted with an exploratory research design to help gain an understanding and pave the way for further inquiry, given that few studies of TM have been conducted in the context of nonprofits, per se. This design is also flexible in allowing the researcher to address research questions from various angles, including but not limited to, the utilization of how and why questions. It allows clarification of the current concepts and provides an opportunity to generate hypotheses and/or propositions from the inquiry.

In terms of sampling, this study benefited from the use of purposive sampling and snowball sampling in identifying the key informants to be interviewed. Initially, the respondents were recruited from a personal connection of the researcher, and some of the respondents were then referred to by the snowball technique. Overall, they are educated nonprofit professionals and leaders who have acquired expertise in the area of nonprofit management. Thus, they are purposive samples who were selected based on their relevant professional experiences to provide substantial comments and knowledge on Talent Management, the subject of inquiry. This study investigated how nonprofit employees in management positions engage in talent management practices that are designed to attract, develop and retain high-quality individuals. The study also examined the factors that support and challenge their efforts. Therefore, research questions have been developed as per below;

### **Research Questions and Sub-Questions:**

In what ways do nonprofit organizations' leaders engage in Talent Management practices?

- What factors support effective TM practices in nonprofits?
- What factors undermine the effective use of TM practices in nonprofits?
- What are the perceived benefits of TM strategies. If nonprofits utilize certain strategies, what results have been evident?

As for methods, constructive grounded theory was the main approach in conducting this study since it would allow in-depth understanding through meaningful reflections and sense-making of the data on the field (Patton, 2002). Then, theories or propositions could be generated inductively from the data obtained through the coding processes. This qualitative

study was carried out through semi-structured interviews with key informants as described above, to gain perspectives on Talent Management in the context of nonprofits.

An interview protocol containing sets of questions was prepared following a literature review on the subject to identify potential conceptual frameworks that guide the development of the questions. Reframing and reordering of questions were done based on insights and advice gained from the initial sets of interviews. The set of interview questions is displayed below.

### **Interview Protocol**

- What is your experience with Talent Management?
- How would you define the concept based on your experience?
- In your view, how are TM practices differ from usual human resource management (HRM) practices?
  - Who are the "talents" in your organization? How are they identified?
  - Are there any concerns, such as those of equity, in identifying and labeling such terms on certain employees? If so, how do you address that issue?
  - What is the scope of TM practices in your organization? (I.e. attract, develop, retain)
    - Please describe how your organization retains talents
    - What are the key challenges in TM?
  - What factors support effective TM practices in nonprofits?
    - How do TM practices impact the organization?
  - How do nonprofits assess and evaluate their TM practices?
- What is your impression of the current Talent management (TM) practices in the nonprofit sector?
  - Are you aware of any differences, in terms of TM practices between the non-profit, public sector, and private sectors? How?
  - Are you aware of any differences, in terms of TM, amongst sub-sectors of non-profits? i.e. between human services, arts and culture, education, and so on
  - Are there any similarities and/or differences in terms of carrying out TM practices on different generation's talents i.e. Gen Y, X, and baby boomers
  - Is there anything you would like to express further regarding TM?

Each interview was conducted on the above set of questions for about 40-50 minutes. The researcher then transcribed the records through voice recognition and went over the scripts to edit for errors. Coding was performed manually. The researcher went through the interview transcripts and assigned "code" across the interview texts to identify patterns that allow for categories and themes to be constructed.

### **Emergent Findings**

The researcher then proposed first-cut categories based on the codes generated. Categories were processed by integrating codes that were in alignment. In deriving categories, special consideration was given to the codes that are of relevance and connection to the conceptual framework identified from a literature review. The main categories presented from the data coding process include;

- Human Resource Management (HRM)
- Innovation and sustainability
- Compensation and benefits
- Non-monetary factors

- Leadership
- Performance management
- Sectoral differences
- Generational differences
- Others (education, perception, etc.)

After synthesizing and integrating the categories that had emerged from the interviews, five major themes have been identified. Each of these emergent themes is further elaborated in the following section.

### **Theme 1**

There is a trend for nonprofits to shift the focus from the traditional HRM model to TM. All respondents suggest that nonprofits need to shift their focus from merely traditional HRM practices to incorporate elements of talent to yield more benefits for the organization. Since HRM tends to focus more on compliance and carrot-and-stick practices, it tends to limit the growth and innovative mindset, especially in identifying competencies to be invested in their human capital. Thus, nonprofits are gradually shifting to learn more about how to synchronize the concept of Talent Management in their personnel management practices and to get the most out of it.

As one respondent mentioned,

“HR is a very transactional service in an organization, process interview, paycheck, time off all process of transactional to maintain employee workforce. HR try to evolve to coaching, perf evaluation, etc. building training and attempted to add on to core services to respond to the above changes. TM is an inspiration and tries to forward-thinking than day-to-day forms process”

The other respondent also noted,

“... human resources management used to be what talent management is today and over periods I think HR became compliance-driven where you know they're the ones that tell you okay here's your benefits for the year and they're the ones that tell you about insurance and things like that and so really I think their role is more you know the compliance role ensuring that you know you get all the benefits you deserve, track vacation time like all that stuff. Well Talent management looks like this broader thing you know I think talent management includes things like professional development...”

### **Theme 2**

Critical success factors of TM include leadership and management buy-in as well as effective communication.

From the interviews, all respondents pointed out that effective communication and support, especially from the top-level leadership are critical in driving the success of Talent Management initiatives. TM is not the sole responsibility of the HR function, but all of the organization. When support is received top-down, it would be much easier to collaborate and implement any new programs and projects related to TM.

As one respondent mentioned

“...has to be some understandings at board level, review /approve a budget and who to hire, if old school may not approve initiatives. Governance level support..”

Another interviewee also said that

“...it's really identifying what the priorities of the employees are having that good close relationship between their supervisor that then communicates this to HR definitely and that means that the directors have to have a good communication in order to share that information in a timely manner and not wait till people say, oh I left, and then you know you get the paper and it's the evaluation and you get their exit interview and this like well because I didn't think that there was an opportunity for me to grow here, and then you are wondering okay well so where was the disconnect because there are plenty of opportunities did they not get communicated and then you get back to the director level, which is okay, how are you communicating this plan, these opportunities to your staff and what information are you gaining from them to then help from the governance side and the management side of the organizations a whole that will help us set our priorities you know going into the future..”

Another supporting quote is from another interviewee claiming that

“..so I think oftentimes nonprofit professionals will leave because they're looking for something new which the other challenge I see is, you know one is of course, the poor leadership ....from what I've seen over the years and the nonprofit sector the reasons they leave is because of poor management and also the nonprofit sector chat is challenging because when you have small organizations with three full-time people..”

### **Theme 3**

More resources need to be allocated to Training and Development to catch up with other sectors

Training and development seem to be a very significant factor from all respondents' points of view. Overall, they expressed concerns that nonprofits do not adequately invest in developmental schemes on their human resource. This seems to suggest a huge gap between the sector and their private and public counterparts. Developmental aspects are very critical in building capacities for the organization to thrive in the fast-changing environment. A lack of updated skills and topical knowledge would hold nonprofits to further their mission and compete in the long term.

As one respondent explained;

“...Public sector, does a better job of developing internal talent for upper positions eg management academy, leadership development programs, mentoring programs, small nonprofits have a hard time to invest in that and while the public sector has more resources at that level.....NP workers when the schedule is already stretched, scaling, resources, demanding work too. Public (sector) just sent (employees) and counts toward working hours..”

Another piece of evidence is the quote from a nonprofit consulting founder saying that this aspect is considered a main challenge that prevents nonprofits to enhance organizational capabilities.

“I work for one organization, a very very wealthy organization and our organization's entire professional development budget for six of us was a thousand dollars, not per person, just a thousand dollars, and so made me consider like you know if we're supposed to be the communities leading expert on this, why is our professional development budget a thousand dollars? and I would ask multiple times hey can I go to this conference or that or this, no it's not in the budget asked me next year and I'm just like, seriously how can you be a leader in your field if you're not willing to invest in you your education within your organization and so you know I think that that's a major challenge..”

#### **Theme 4**

Perception and overhead issues still prevent nonprofits to offer attractive compensation and benefits packages to acquire and retain talents. When public perception and the media are constantly putting pressure on the sector in terms of overhead spending and financing, this results in notorious non-competitive compensation packages that nonprofit professionals have to bear with, and thus likely demotivate top talents to join the nonprofit workforce. One respondent claimed that “Pay, being able to compensate at a level even not match private, but still counts, salary, nonfinancial benefits take more time to set up, communicating values from executives working with local community org and find ways to appreciate workers, take a willingness to invest in those for workers, funds for talent acquisition/develop and retention, educate spend money on these is fine to justify rising overhead costs.

Another respondent explained the problem of nonprofit overhead by stating that

“I think there's an opportunity to do more and I think some areas of the nonprofit sector have caught up the last you know some odd years but you know there's also a stigma around nonprofits and pay, and how, you know some people are like, you know if the CEO of United Way Worldwide is making a million dollars a year, they think it's the worst thing ever which my argument to that is, salary needs to match the job..”

“.... there's been this perpetuation that nonprofits need to have low overhead and the number one thing you can cut to get your overhead down is, people....I still get this question all the time for these advocacy organizations, like well what's your overhead, and I'm like that's not important, ask me what my impact is, and so you know if I'm spending so much money on salary if I'm having a huge impact in the community, my salary is then justified so, my thing is if an organization is paying people a lot of money and they're not doing anything, then yeah that's over compensation, but some of these organizations they you know they get judged for having all this overhead..”

#### **Theme 5**

Limited resources of nonprofits point toward leveraging non-monetary factors to attract and retain talents e.g. mission and value attachment, innovative and flexible work redesign, and career development and growth opportunities.

From the previous finding, nonprofits tend to be behind private firms and public agencies in offering commensurate packages. Respondents mentioned various ways in which nonprofits could leverage other non-monetary resources such as career growth, professional development opportunities, the value attached to the work, networking, and social capital among others. This finding points toward nonprofits shifting their focus toward non-monetary factors to sustainably achieve their talent attraction and retention outcomes.

As one respondent stated

“...I think that when one is looking at talent management, perhaps, looking at the social capital that they build while they are with organizations and talk about retention, that's key to retaining people is it's not just looking at the match that's between the individual and the organization today but what about in the future you know and how can you keep them you know, if they're if they want to keep being involved and grow professionally how can you keep them and stay aligned and keep serving the objectives and goals of the organization as well, I think I think talent management is a huge deal...”

Another interviewee also mentioned their own experience that

“....you know I don't make a ton of money I get paid hourly it's not a ton if I do consulting I get paid about five to six times more doing that, and you know one of my options was you know I could have one consulting full-time and went to school full-time and gonna likely been fine, but I I'm working this job, not necessarily for the money, though it helps pay rent I'm working it because of there's an opportunity to be had here and I'm at a space currently where I can seize that opportunity and you know I can get learning, I can get mentorship, I can get access and you know there's a lot more I can gain you know the you know \$20 an hour that I'm paid, but overall I think the you know when you do the cost-benefit analysis and if any nonprofit professionals doing that cost-benefit, you know, the cost definitely need to be less than the benefit so you know whether it's you know maybe you're a working parent and you can work from home two days a week or you know whatever you know providing those extra little incentives and that flexibility can sometimes at the end of the day, convince you to keep your nonprofit job even though you're not seeing a whole lot of money in your paycheck..”

## Discussions and Recommendations

Thematic findings from the synthesis of the interviews showed, at the overarching level, that nonprofits are still lagging behind the other sectors in talent management practices, especially in talent development and talent retention. The main challenge identified through coding was the lack of adequate financial resources. This implies that nonprofits struggle to offer attractive compensation packages to draw and retain their best talents. Another implication is budgeting on talent development. Since they possess fewer financial resources, coupled with the public pressure to maintain low overhead costs, nonprofits spend significantly less investments on human resource (including, talent) development. As a result, findings suggest nonprofits leverage other non-monetary factors including career growth and development, enhanced alignment between mission and the job, and working environment redesign among others to counter low financial resources. Moreover, nonprofits need to ensure

proper leadership and management support and buy-in to allow TM initiatives to flourish, in turn, yielding desired organizational benefits.

**Table 1** Synthesis of Emergent Findings.

Themes	Interview Data	Discussion	Conclusion and Recommendations
HRM/TM	<p><i>“HR is very transactional service in an organization”</i></p> <p><i>“..their role is more you know the compliance role ensuring that you know you get all the benefits”</i></p> <p><i>“..all process of transactional to maintain employee workforce”</i></p>	Shifting from traditional HRM to Talent Management in practice	Provide adequate financial resources and investments toward the TM system
Leadership and management	<p><i>“..understandings at board level, review and approve a budget and who to hire, if old school may not approve initiatives”</i></p> <p><i>“Governance level support”</i></p>	Prioritizing TM and gaining buy-in and support from all levels	Foster a culture of open communication and support at all levels
Training and development	<p><i>“..small nonprofits have a hard time investing in that and while the public sector has more resources at that level”</i></p> <p><i>“..how can you be a leader in your field if you're not willing to invest in you your education within your organization”</i></p>	Addressing developmental gap and resource planning	Invest in T&D schemes and professional development programs to catch up with other sectors

**Table 1** Synthesis of Emergent Findings (Continued).

Themes	Interview Data	Discussion	Conclusion and Recommendations
Compensation and benefits	<p><i>"..this perpetuation that nonprofits need to have low overhead and the number one thing you can cut to get your overhead down is, people."</i></p> <p><i>"..if I'm spending so much money on salary if I'm having a huge impact in the community, my salary is then justified so.."</i></p>	Unable to provide attractive compensation packages compared with other sectors	Design the rewards and benefits packages to suit diverse preferences and reflective of human capital's market value
Attraction and retention of a workforce	<p><i>"key to retaining people is it's not just looking at the match that's between the individual and the organization today but what about in the future"</i></p> <p><i>".. how can you keep them involved and grow professionally and stay aligned and keep serving the objectives and goals of the organization"</i></p>	Hardship in attracting and retaining talents, given the shrinking sectoral resources	Utilize PSM (Public Service Motivation) and mission attachment concept to redesign work that is meaningful and aligns with personal values and professional goals

## California Nonprofit Management Landscapes

The analysis of talent management practices within the nonprofit sector, with a specific focus on California, reveals several key findings. At an overarching level, nonprofits in California are facing challenges in talent development and retention, causing them to lag behind other sectors. One of the primary obstacles identified through coding is the lack of adequate financial resources. This constraint limits the ability of nonprofits to offer competitive compensation packages, which are crucial for attracting and retaining top talents.

California nonprofits encounter unique circumstances due to the high cost of living and intense competition for talent within the state. The exorbitant housing prices and the allure of higher salaries offered by other sectors make it particularly challenging for nonprofits to attract

and retain skilled individuals. The financial constraints imposed on nonprofits also restrict their ability to invest in talent development programs. With limited financial resources and public pressure to maintain low overhead costs, nonprofits allocate fewer investments toward human resource development, including talent nurturing.

To overcome these financial limitations, nonprofits in California must leverage non-monetary factors to attract and retain talent. Emphasizing career growth and development opportunities, along with enhancing the alignment between the organization's mission and job roles, can help compensate for the lack of financial resources. Nonprofits should also focus on redesigning the working environment to create a positive and fulfilling atmosphere that appeals to potential employees. By highlighting these non-monetary factors, California nonprofits can attract individuals who value personal and professional growth, mission alignment, and a positive work environment, even if monetary compensation is not as competitive.

In addition to addressing financial constraints, California nonprofits must ensure strong leadership and management support for talent management initiatives. Leaders within these organizations must understand the significance of talent development and provide the necessary resources and backing to foster a culture that values and invests in its employees. By garnering leadership buy-in, nonprofits can create an environment that encourages and nurtures talent, ultimately leading to desired organizational outcomes.

California nonprofits can also benefit from applying the concept of Public Service Motivation (PSM) to their talent management strategies. PSM emphasizes the intrinsic rewards of public service and aligning with an organization's mission and values. By identifying individuals who possess a strong sense of public service and a genuine commitment to the nonprofit sector, organizations can attract and motivate talent that is inherently driven by the desire to make a positive impact.

While talent management challenges are prevalent across sectors, the specific context of California brings its own set of complexities to the nonprofit landscape. By recognizing and addressing the specific hurdles posed by financial limitations and the competitive talent market in the state, local nonprofits can therefore adopt tailored strategies that emphasize non-monetary factors, garner leadership support, and leverage the principles of Public Service Motivation. These efforts will enable them to attract and retain talented individuals, ultimately contributing to the long-term success and impact of the nonprofit sector in the region.

The results discussed demonstrated the linkage between empirical evidence and the relevant concepts reviewed. Specifically, the Public service motivation, or PSM, could be applied to understand and make sense of the public and nonprofit contexts. Although organizations in each sector face similar challenges in attracting and retaining top talents amid a highly volatile and competitive environment, each sector may utilize distinct attributes such as the premise of PSM to locate the strategies and implementations that best motivate a differentiated workforce. That said, private enterprises may create incentive systems that attract high flyers through monetary rewards. Meanwhile, public and nonprofit organizations may instead utilize the PSM principle to identify talents who emphasize public service and mission attachment that reflect and align with their core values. Such designs may in turn support the attainment of goals that contribute to organizational success in the long run.

Overall, this exploratory study serves its main purpose to understand how nonprofit professionals in California engage in TM practices, as well as the underlying factors which support or hinder effective TM implementation. Some limitations include the small sample size

and limited timeframe of the study. With the grounded theory and interpretive paradigm in mind, the researcher places more emphasis on depth than width, and that suited the semi-structured qualitative research interview, a method deliberately selected for the study design. The researcher also utilized a constructive grounded theory approach to inductively generate new ideas and, thereby, codes from the ground. The significance of this study lies in awareness and appreciation of effective TM programs, to be imposed alongside traditional HRM methods to build organizational capacity to grow and sustain in the long run. Findings yielded from exploratory studies aided scholars and practitioners to locate relevant research inquiries to advance the field. In practice, it is hoped that the recommendations would help nonprofit leaders, administrators, policymakers and key decision-makers determine key priorities in managing their talent pools.

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