

# *Mapping the Non-profit Sector*

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## *Executive Summary*

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# Mapping the Non-profit Sector

## Executive Summary

Interest in the non-profit sector has surged in recent years, along with recognition of the contributions of the sector, socially, culturally and economically. But, while we have begun to learn more about volunteers and charitable giving,<sup>1</sup> relatively little is known about how the sector, and organizations within it, are organized. In particular, there has been a notable absence of information about paid employees and human resource issues in the sector.

Statistics Canada's *Workplace and Employee Survey (WES)* provides data, never before available, on non-profit organizations and the paid workers they employ. Drawing primarily on the *WES*, Canadian Policy Research Networks examines a range of human resource issues in the non-profit sector in a series of five research reports. This is the first in that series of reports. Here, we address issues relating to identification, classification, and measurement, and provide information on the size and composition of the sector and on the characteristics of both organizations and paid workers in it. Subsequent reports in the series examine the quality of work in the non-profit sector; training and skill development; human resource practices and organizational change; and recruitment and retention.

Using data on non-profit status provided by respondents and industry classification, we classified employers and employees into three sectors, which were further subdivided into sub-sectors:

- *For-profit*;
- *Quango* (non-profit organizations in 'quasi-public' industries, including elementary/secondary schools, colleges/universities, hospitals and public infrastructure);
- *Non-profit* (culture, recreation and associations; health, education and social services; and 'other non-profit' industries).

### Size of the Non-profit Sector

- Based on the *WES*, there were about 900,000 paid employees in Canada's non-profit sector in 1999; this represented about 8 percent of employees in the *WES*. Non-profits numbered close to 60,000, accounting for about 8 per cent of workplaces in the *WES*, and for about \$22 billion in payroll.

### *The 1999 Workplace and Employee Survey (WES)*

For the purposes of our analysis of the non-profit sector in Canada, the following key features of the *WES* are worth noting:

- Data were collected from a nationally representative sample of workplaces and paid employees in those workplaces;
- The *WES* includes only workplaces that have at least one paid employee; it does not include workplaces run entirely by volunteers, nor does it include volunteers who work alongside of paid workers;
- The *WES* excludes religious organizations and establishments in government, some primary industries, and the Territories.

<sup>1</sup> See Statistics Canada, National Survey of Volunteering, Giving and Participating.

- Estimates of the size of the non-profit sector place Canada ‘in the middle of the pack’ when compared to international data collected by The Johns Hopkins Comparative Nonprofit Sector Project (roughly comparable to the United Kingdom and Australia).
- The non-profit sector resembles the for-profit sector in terms of the size distribution of establishments, with small establishments (fewer than 10 employees) accounting for close to three-quarters of establishments in both sectors. Large establishments are more common in the quango (quasi-government) sector, where about half are establishments with 20 or more employees.
- But, while small establishments are prevalent in the non-profit sector, about half of employees work in establishments with 50 or more employees. Differences are evident within the sector, with only one-third of employees in the culture, recreation and associations industry working in establishments of this size.

### **Characteristics of Employees and Jobs in the Non-profit Sector**

*Employment in the non-profit sector is composed largely of women*

- Women account for a clear majority of paid employees in the non-profit sector, more so than in the for-profit and the quango sectors. Women accounted for about three-quarters of paid employees in the non-profit sector in 1999, compared to about two-thirds in the quango sector and slightly less than half in the for-profit sector.
- There are sharp differences in the gender composition of employment across sub-sectors. Traditionally, women have made up a large proportion of employment in ‘caring’ industries, like health and education. Indeed, we find that in 1999, women accounted for over 80 percent of paid employees in both the non-profit health, education and social services industry and the for-profit education and health industry, and for 70 percent of paid employment in the quango health and education industry.
- That being said, women also accounted for over 60 per cent of paid employees in the culture, recreation and associations non-profit sub-sector and in the ‘other non-profit’ sub-sector. The for-profit sector shows much greater variation. Women account for comparable shares of employment in the cases of only two for-profit industries -- retail trade and finance and business.
- The *WES* data cannot tell us why employment in the non-profit sector is composed primarily of women. Possible reasons include: a traditional concentration of women in ‘caring’ occupations, like health and education; non-profits may offer more flexible working arrangements that are attractive to women seeking to balance work and family-care responsibilities; or non-profits may offer women greater opportunity to assume senior management roles than is the case for other sectors. It may also be the case that relatively fewer men are willing to accept the kind of work and working conditions that the sector is able to offer.

- The human-resource profile of the non-profit sector has implications for human resource management practices. Job quality in the sector will have a particularly large impact on women. Managers will require an ability to manage a workforce that has, perhaps, a greater need for flexibility in working arrangements.
- Moreover, recent research suggests that men and women differ in terms of the values and expectations they bring to the job. This research suggests that effective human resource management strategies in the non-profit sector will need to recognize and respond to the unique needs of women, who show a preference for good quality communications in the workplace, a strong employer-employee commitment, and work-life balance.

*Employment in the non-profit sector is concentrated in the middle age groups*

- At 26 percent of employees, the non-profit sector lies between the for-profit and the quango sectors in terms of the percentage of paid workers who were less than 35 years old in 1999.
- At 39 percent, the non-profit sector also lies between the for-profit and the quango sectors in terms of the percentage of employees who were aged 45 years or more in 1999.
- However, while exhibiting a somewhat younger age profile than the quango industries, both the non-profit health, education and social services and the 'other non-profit' sub-sectors exhibit somewhat older age profiles than other industries.
- The age composition of employment in the non-profit sector has implications for retention and recruitment over the coming decade, placing the spotlight on issues relating to job quality, working conditions, terms of employment, and job satisfaction.

*Employment in the non-profit sector consists of a relatively large percentage of university-educated workers*

- Clear differences are apparent across the three sectors with respect to educational attainment. While they are similar in terms of the share of paid workers who have completed a non-university post-secondary program (each at about 30 percent) only about 15 percent employees in the for-profit sector have completed a university degree, compared to close to 30 percent in the non-profit sector and over 40 percent in the quango sector.
- Competition for highly-educated, highly-skilled workers is expected to increase over the next couple of decades as the baby-boom generation reaches retirement age. Retention and recruitment will therefore become crucial human-resource issues for employers in all sectors, but especially in the non-profit and quango sectors where reliance on these kinds of workers is high.

*Employment in the non-profit sector consists of a large professional and managerial component*

- Employment in the non-profit sector, like the quango sector, consists of a heavy 'professional' component. About one-third of paid employees in the non-profit sector are in

professional occupations. This is lower than in the quango sector (at 47 percent) but is much higher than in the for-profit sector, at only about 10 percent.

- The large ‘professional’ component in the non-profit sector is partly a reflection of the nature of the work performed in key sub-sectors, like health and education, where many employees, like nurses and teachers, have professional qualifications.

*Close to one in five employees in the non-profit sector have children younger than 12 years old at home*

- One-fifth of all paid workers in the non-profit sector are women who have at least one child less than 12 years of age at home. This share is similar in the quango sector (at 19 percent), but higher than in the for-profit sector (at 14 percent).
- Employers in the non-profit sector will therefore need to be sensitive to the fact employees with family responsibilities, especially those with younger children, will be more likely to encounter competing demands from work and family and experience stress due to ‘time crunch.’
- Failure to respond to workers’ needs for work-family balance can have serious consequences for recruitment of new workers and retention of experienced employees. This is an issue especially in industries, like those in the non-profit sector, that rely heavily on women as an integral part of the workforce.

## **Conclusions and Implications for Human Resource Management**

- We acknowledge that there are intrinsic motivators to working in the non-profit sector – commitment to the cause of an organization, having a strong civic sense, and finding a good match with an one’s values, for example.
- However, that does not mean that workers in non-profit organizations are unmindful of job quality, pay and benefits, working conditions, and terms of employment.
- In coming years, the non-profit sector will find itself competing with both the government and the for-profit sectors for skilled workers as the Baby Boom generation retires. This places the spotlight on the workplace – the quality of jobs, access to training opportunities and human resource management practices.

With these considerations in mind, future papers in CPRN’s Research Series on Human Resources in the Non-profit Sector will examine the quality of work, including the terms of employment, pay levels and working hours among non-profits; training and skill development; human resource practices and organizational change; and recruitment and retention.