

Skills and Training in the Non-profit Sector

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Executive Summary

March 2003

Document No. 3 CPRN Research Series on Human Resources in the Non-profit Sector, available at <http://www.cprn.org> or on request at (613) 567-7500

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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,¹ 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 1999 *Workplace and Employee Survey (WES)* provides data, never before available, on non-profit organizations and the paid workers they employ. Drawing 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 third in that series.

Like other sectors of the economy, the non-profit sector is experiencing significant change in its external environment. That requires adjustments on a range of organizational dimensions. The focus of this report is on issues of changing skill needs and training. We examine changes in skill requirements using several indicators, placing the non-profit sector in a comparative context with the for-profit and quasi-government or 'quango' sectors. We consider the incidence of training across establishments and paid employees, the types of training provided, training practices, the characteristics of employees who receive training, and the perceived adequacy of training.

Using data on non-profit status and industry classification, we classify employers and employees into three sectors, which are 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).

The primary contribution of this report is to add to our knowledge about the incidence of training in the non-profit sector and the characteristics of employers who provided training and of employees who participated in training in 1999. But that is only part of the training story, leaving open questions around unmet training needs, the need for specialized kinds of training,

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.

¹ See Statistics Canada, National Survey of Volunteering, Giving and Participating.

and the utility of the training that is received – all important areas that are in need of further research. That being said, having information never before available on the incidence of training for different types of employer and by a range of employee characteristics is a necessary first step in the process of deepening our understanding of human resource issues in the non-profit sector.

Employee Perceptions of Skill Requirements

Minimum education requirements

Overall, 61 percent of employees of non-profit organizations believed that a post-secondary credential (university, college or a trade certificate) was necessary to do their job. This was a far higher share than was the case for employees in the for-profit sector (36 percent), but lower than in the quango sector (70 percent).

Perceptions of minimum educational requirements partly reflect the occupational composition of employment in the three sectors, with managers and professionals, many of whom require a post-secondary education, accounting for relatively larger shares of employment in the non-profit and quango sectors than in the for-profit sector.

Changes in skill requirements and technological complexity

About half of employees in both the non-profit and the for-profit sectors reported increases in overall skill requirements since beginning their current jobs. This was somewhat lower than in the quango sector, where close to two-thirds of employees reported increasing skill requirements.

Perceptions of increasing skill requirements were comparable for non-profit and for-profit employees within professional, technical/trades and clerical/administrative occupations. However, managers in the non-profit sector were much less likely than those in other sectors to report that the skill requirements of their jobs had increased. Further research is needed to identify why this is the case. One possible explanation is that non-profit managers have always functioned in a complex environment and see less change in skill requirements.

Perceptions of increases in technological complexity were roughly similar for professionals in all three sectors. However, managers and technical/trades occupations in the non-profit sector were less likely to report increasing technological complexity than their counterparts in the quango and for-profit sectors.

In part, these differences reflect differences across sectors in the extent to which employees use computers at work. For example, close to two-thirds of employees in the for-profit finance and business and information and culture industries reported using a computer for at least half of their workday. This compares to only 14 percent of employees in non-profit health, education and social services.

These variations highlight fundamental differences across employees in different industries. Many employees in the non-profit health, education and social services sub-sector are in ‘caring’ professions – they are nurses, doctors, teachers and social workers. The non-profit culture, recreation and associations sub-sector includes professionals in the performing arts and workers in museums and sports organizations. Computers have not yet replaced many of the services provided by such professionals.

This means that while workers in the non-profit sector will undoubtedly need to adapt to new computer technologies in the workplace, large segments of the sector will be faced with a need to adapt to other kinds of skill shifts as well. This implies that training needs will be no less important than in other sectors, but that they may encompass different kinds of skills.

Employer-sponsored Training

The importance attached to increasing employee skill levels

Employers in all three sectors rate the importance of increasing employee skills highly, with close to 70 percent rating this as an important or crucial part of their organizational strategy.

There is a relationship between the importance attached to increasing employee skills and establishment size. While virtually all establishments in the non-profit sector with 20 or more employees rated increasing employee skills as an important or crucial part of their organizational strategy, this was the case for only about 30 percent of establishments with fewer than 20 employees.

At a more detailed industry level, employers in the non-profit health, education and social services and culture, recreation and associations industries ranked in the middle in terms of the proportions rating increasing employee skills as important or crucial. The two quango industries and the for-profit information and culture industry ranked highest in this regard.

Employers paid more than lip service to the importance of increasing employee skills – the percentage of establishments that provided training to at least some of their employees in the previous year was in fact higher for employers who rated the importance of increasing employee skill levels highly.

The provision of training by employers

Both small and larger establishments in the non-profit sector were more likely than their for-profit counterparts to provide training for their employees. This was especially evident in the case of classroom training,² and the provision of subsidies, reimbursements or other assistance for training or courses taken outside paid working hours. Training in the for-profit sector was more likely to consist of on-the-job training.

² Classroom training is defined in the *WES* as all training activities that have a pre-determined format and objective, with specific content, and with progress that can be evaluated or monitored

Who gets training

Almost half of employees in the non-profit and quango sectors reported having participated in training in the previous year, compared to about one-third of employees in the for-profit sector. Women and employees aged 35-44, and especially those 45 years or older, in the non-profit and quango sectors were much more likely than their for-profit counterparts to have received classroom training in the previous year. The quango sector ranked highest in this regard.

Managers in the non-profit sector were much more likely to have received classroom training than managers in the for-profit sector (56 percent and 41 percent, respectively), while the incidence of training among professionals was similar in the two sectors (57 percent and 53 percent, respectively).

In all three sectors, employees with a university degree were more likely to have received training than other groups.

The non-profit sector is set apart by the fact that the rate of participation of women in training was higher in every occupational and educational group, especially compared to the for-profit sector. This ‘non-profit training premium’ was relatively high for women with a college education or some-post-secondary education, and was higher still for women whose highest level of education was high-school completion or less.

Professional training was the most common type of training reported by employees in the non-profit sector, whereas computer software training was most common among employees in the quango and for-profit sectors. However, large percentages of employees in all three sectors classified the training they had received as ‘other.’ A goal of future research should be to identify this training more specifically.

Perceived adequacy of training

About 36 percent of employees in the non-profit sector and 38 percent of those in the quango sector said that the amount of training they received was too little for the demands of the job; this compares to only 27 percent of employees in the for-profit sector. The gap between the for-profit and non-profit sectors on the perceived adequacy of training is evident across occupation and establishment size.

The analysis suggests that training does make a difference for non-profit employees, insofar as individuals who had received training were more likely than others to feel prepared to do their job. This was not the case for employees in the quango and for-profit sectors, however, where regardless of whether an employee had received training or not, similar percentages reported that the amount of training was inadequate.

Compared to employees in the quango and for-profit sectors, however, non-profit employees were somewhat more likely to say that the amount of training available had decreased since they began working for their current employer and were somewhat less likely to say that it had increased.

Conclusion and Research Gaps

Given the concerns that have been expressed about the pressures facing many organizations in the non-profit sector, the incidence of training might have been expected to be lower in the sector compared to other sectors. But the evidence suggests that on a number of training indicators, the non-profit sector performs better than the for-profit sector (though on most dimensions, the performance of the quango sector is strongest).

But, having information on the incidence of training is only the beginning of the story. More research is needed on a number of important issues. These include the need for:

- Analysis over time. Having data for 1999 provides only a snapshot and cannot tell us about overall trends – for example, was 1999 a ‘typical’ year or was there an element of ‘catch up’ at work?;
- Analysis of trends in skill requirements and whether the amount of training that is given is adequate to meet changing skill needs;
- Analysis at the level of individual industries, to identify where finding the resources to invest in employee training remains a problem for individual organizations or parts of the sector;
- Analysis of the effectiveness and relevance of the training that is given and of the scope employees have for applying newly-acquired skills in the workplace; and
- Analysis of specific skill requirements within non-profit sub-sectors, including the development of skills profiles and identification of training requirements.

Like other sectors of economy, the non-profit sector has been affected by broad structural changes taking place in the national and global contexts. Deep and very fundamental changes are having significant impacts on the sector, with implications for skill requirements and training. It is important that the sector continue to deepen its understanding of what its skill and training needs are as it works to meet the organizational and human resource challenges posed by change.