

***Passion and Commitment Under Stress:
Human Resource Issues in Canada's
Non-profit Sector – A Synthesis Paper***

by

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Executive Summary

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Executive Summary

Non-profit organizations play an important role in such diverse areas as arts and culture, sports and recreation, literacy and skills development programs, health services, business and labour associations, religious activity, and political advocacy. There has been growing interest in examining the contributions made by the non-profit sector to Canada's economy and society. However, until recently, there has been a lack of information about paid workers in the non-profit sector, such as their demographic characteristics, their working conditions, and the human resource challenges associated with their labour market experience.

An opportunity to help fill this gap arose with the release in late 2000 by Statistics Canada of the results from the first *Workplace and Employee Survey (WES)*. Drawing primarily on the *WES*, Canadian Policy Research Networks has produced a series of research papers focused on human resources in non-profit organizations, with an emphasis on paid employees. The four papers look at the size of the sector and the composition of its workforce, the quality of paid jobs in the sector, changing skill requirements and the incidence of training, and organizational strategies and human resource practices in the non-profit sector. In each study, comparisons are made with other sectors.

This synthesis report summarizes the key results of the four papers, identifies issues facing the non-profit sector that cut across our work to date, and makes recommendations to funders, individual employers within the non-profit sector, and the sector as a whole. We also identify areas where further research related to human resources in the non-profit sector would be helpful.

The *WES* data indicate that about 900,000 paid employees worked in the non-profit sector in 1999, about 8 percent of all paid employees in Canada. The paid workforce of the non-profit sector is predominantly (74 percent) female, older than the for-profit workforce, and with a high percentage of well-educated, professional staff.

The overrepresentation of women in the non-profit sector means that the particular needs and aspirations of women regarding their workplace must be taken into account. For example, the demand for flexible work schedules, such as flexible hours and part-time work, is heightened in the non-profit sector. Also, university-educated women are more likely than university-educated men to value respect and commitment in the employer-employee relationship, and to place a high value on communication and workplace relations.

In many respects, working conditions in the non-profit sector are above average: the percentage of employees with access to benefits, flexible work hours, and training is higher in the non-profit sector than the for-profit sector. However, there is more temporary work in the non-profit sector (which is associated with reduced job security), there are more concerns about the adequacy of training, and fewer opportunities for advancement than in other sectors. There is also much lower pay for managers and professionals (especially in comparison with the 'quango' or quasi-government sector – schools, hospitals, universities, colleges, etc). Moreover, access to benefits and training opportunities is better in the quango sector.

The problems of more temporary employment and lower pay reflect the difficult challenges facing many non-profit organizations: increased responsibilities with less funding and a shift in the nature of funding from long-term support for core services to a focus on short-term funding for specific projects.

Many non-profit organizations cite the importance of business strategies that increase employees' skills, improve product and service quality, and increase employee involvement/participation. In this, they are not unlike their for-profit counterparts. However, there is more involvement of staff in decision-making in the non-profit sector, greater availability of personal and family supports, and a higher likelihood of a procedure for resolving workplace disputes.

Overall job satisfaction remains almost as high in the non-profit sector as in the quango and for-profit sectors, with about 86 percent of paid employees reporting that that they were either satisfied or very satisfied with their job in 1999. However, employees in the non-profit sector, especially those 45 years of age or older, were more likely than those in the quango or for-profit sectors to say that they were 'dissatisfied/very dissatisfied' with their pay and benefits.

The findings point to a gap between intrinsic and extrinsic rewards to working in the non-profit sector. Employees are committed to their work, but are concerned about pay. Some non-profit organizations, particularly the smaller ones, may be caught in a squeeze in relation to recruitment and retention strategies. On the one hand, they may lack the funds to offer competitive pay rates, and may lack the stability of funding to provide a better ratio of permanent to temporary work. On the other hand, if they continue to offer weaker 'extrinsic' rewards in the form of compensation, non-profit employers are likely to lose talented staff, and to have difficulty replacing them. In addition, smaller non-profit organizations may lack the resources to invest in the recruiting process.

The targeted and short-term nature of most funding makes it difficult for non-profit organizations to invest in capacity building, such as through new technologies, developing the skills of their employees and volunteers, or outreach recruiting measures. Project-funding also weakens the ability of non-profits to engage in long-term planning and to adhere to their primary missions, which can turn staff commitment into disillusionment.

With that in mind, we have identified a number of areas where changes are needed, and have suggested the following actions:

- While there is no single formula for funding non-profit organizations and activities, funders need to consider a mix of long-term financial support and grants designed for capacity building in addition to more targeted mechanisms. Non-profit organizations, in turn have a responsibility to articulate the roles they play and the funding mechanisms required to sustain those roles. They also need to undertake periodic evaluations to demonstrate that the longer term arrangements are producing a pay-back.
- A human resource sector council should be established. Its roles could include:
 - analyzing the human resource needs of the sector;

- identifying skill requirements and developing affordable training programs targeted at sub-groups within the sector;
 - establishing ways for small non-profit organizations to engage in outreach recruiting on a collective basis;
 - facilitating the provision of multi-employer benefit plans; and
 - articulating to funders the needs of the sector with regard to investing in human resource capacity.
- Non-profit employers need to address the pay gap for highly qualified staff between the non-profit sector and the for-profit and quango sectors.
 - In the short-term, non-profit organizations should at least make an effort to ensure that the wages, salaries, and benefits that they offer are competitive in comparison with other employers within the sector. Boards of Directors should insist on seeing these comparisons before approving compensation plans.
 - In the longer term, however, non-profit business plans have to consider ways to ensure that they are able to compete in the “war for talent” through pro-active recruitment and retention strategies, that may well include higher rates of compensation for key staff. Non-profit boards need to take steps to avoid the loss of talented staff through inadequate compensation and uncertain funding.
 - In recruiting people to work in their organizations, non-profit employers should emphasize the three unique advantages they can offer: a high quality working environment, the opportunity to serve the community and to do interesting and satisfying work alongside colleagues who are committed to the same goals.

The challenges facing non-profit organizations include the need to develop better information about the nature of work in the sector, the characteristics of its employees, and the aspirations, expectations, and perceptions that employees have about their jobs. The findings of this study may help in improving working conditions in the sector, but the need is clearly there for more research to further that objective.