



# Human Resources in the Non-Profit Sector

## A Synthesis of CPRN's Research Findings

*Based on a Presentation by*

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*to Project Advisory Committee,*

*Voluntary Sector Human Resources Council Feasibility Study*

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# Outline

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- Key challenges facing the sector
- Background on the CPRN research series
- Data sources and methodology
- Size of the non-profit sector
- Characteristics of the paid workforce
- Characteristics of work in the sector
- Cross-cutting themes
- Conclusions
- Research gaps



# Key challenges facing the sector

(from consultations held by Hall et al., and Katherine Scott's study)

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- Government downloading; funding cutbacks
- Competition for scarce resources
- Short-term focus of funders
- Onerous reporting and partnership requirements
- Difficulties in recruiting and retaining paid staff with specialized skills; shortage of volunteers



# Implications of short-term funding

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- Revenue unpredictable
- Long-term planning difficult
- Mission drift
- Toll on staff

Challenges/implications are most intense in smaller organizations



# Human Resources in the Non-Profit Sector research paper series

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- A series of five research papers that examines the characteristics of non-profit organizations and the paid workers they employ
- Research is based primarily on Statistics Canada's *Workplace and Employee Survey (WES)*



# An overview of the *WES*

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- A representative sample of approx. 6,300 workplaces and 23,500 paid employees in those workplaces
- The *WES* does not include:
  - Workplaces run entirely by volunteers
  - Religious organizations
  - Workplaces/employees in government and primary industries
  - Workplaces/employees in the territories
- Non-profit workplaces are self-identified (“At this location, is this workplace a non-profit organization?”)



# Classifying workplaces and employees

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- We identify three broad sectors based on non-profit identification and industry classification
  - For-profit
  - Quango: non-profit, but located in 'quasi-public sector' industries (incl. elementary/secondary schools, colleges/universities, hospitals, and physical infrastructure such as harbour authorities, water and sewage treatment plants, bridge/road construction)
  - Non-Profit: non-profit and located outside of 'quasi-public sector' industries.



# Size of the non-profit sector

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- About 60,000 establishments
- About 900,000 paid employees in 1999
- Represents about 8 percent of total paid employment





# The majority of non-profit (and for-profit) establishments have less than 10 employees

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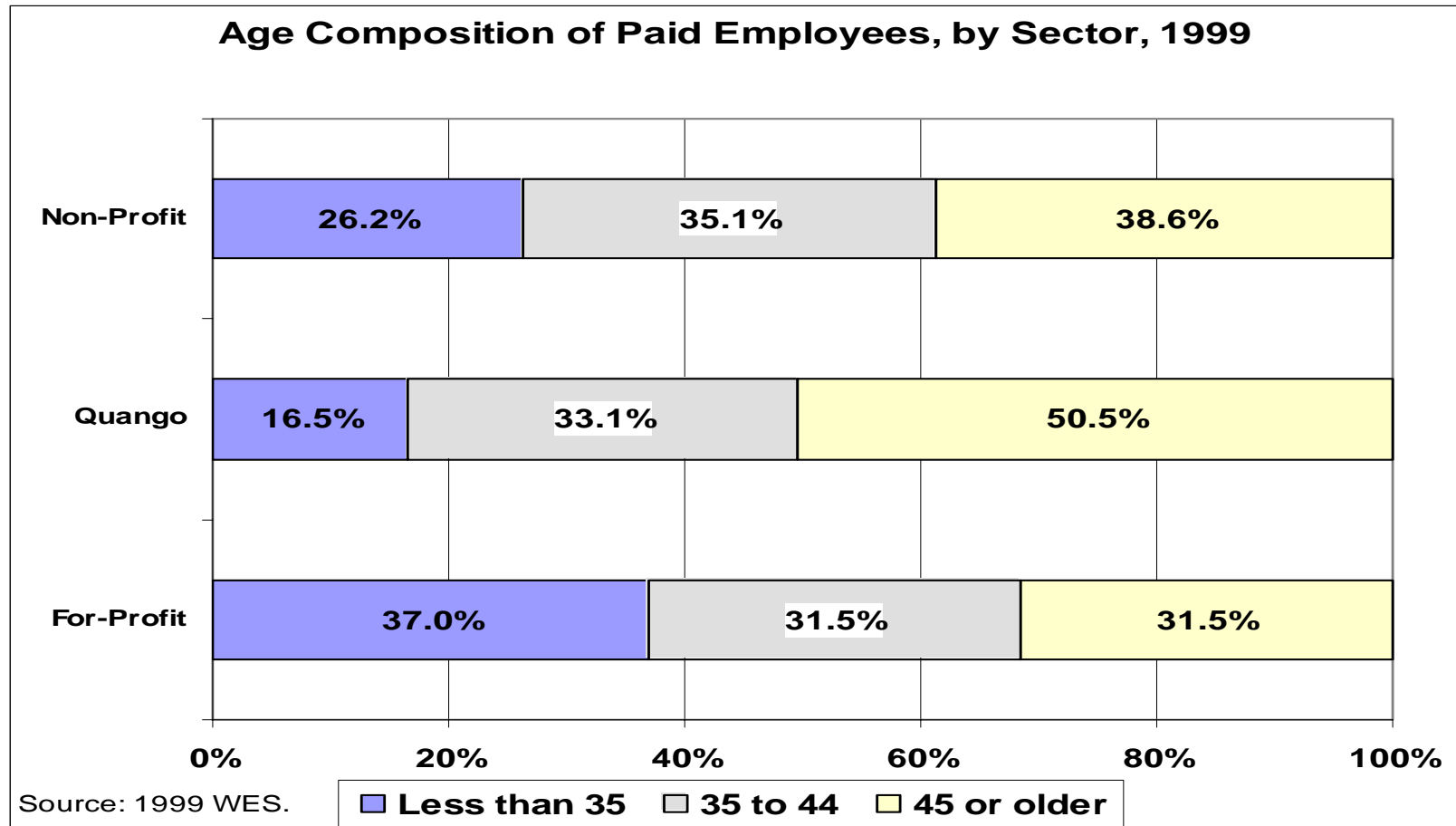
% of establishments with...

	<u>1 to 4 employees</u>	<u>5 to 9 employees</u>	<u>10 to 19 employees</u>	<u>20 or more employees</u>	<u>Total</u>
<b>Non-profit</b>	<b>53</b>	<b>20</b>	<b>12</b>	<b>15</b>	<b>100%</b>
Quango	na	na	na	49	100%
<u>For-profit</u>	<u>47</u>	<u>27</u>	<u>14</u>	<u>12</u>	<u>100%</u>
Total	48	26	14	13	100%

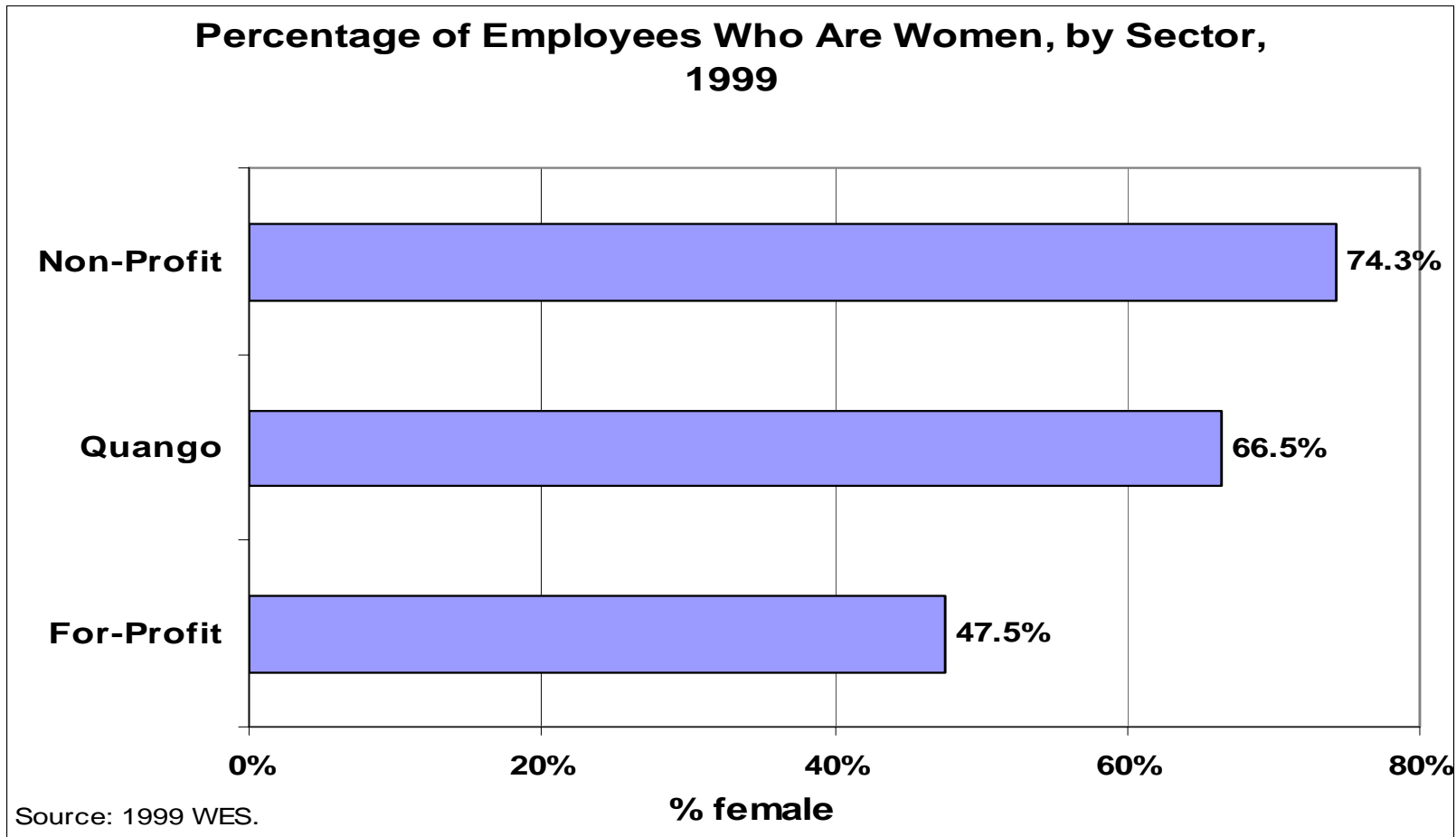
Small establishments are prevalent in all areas of the non-profit sector.



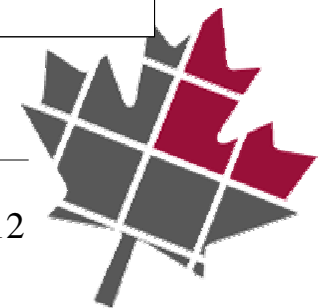
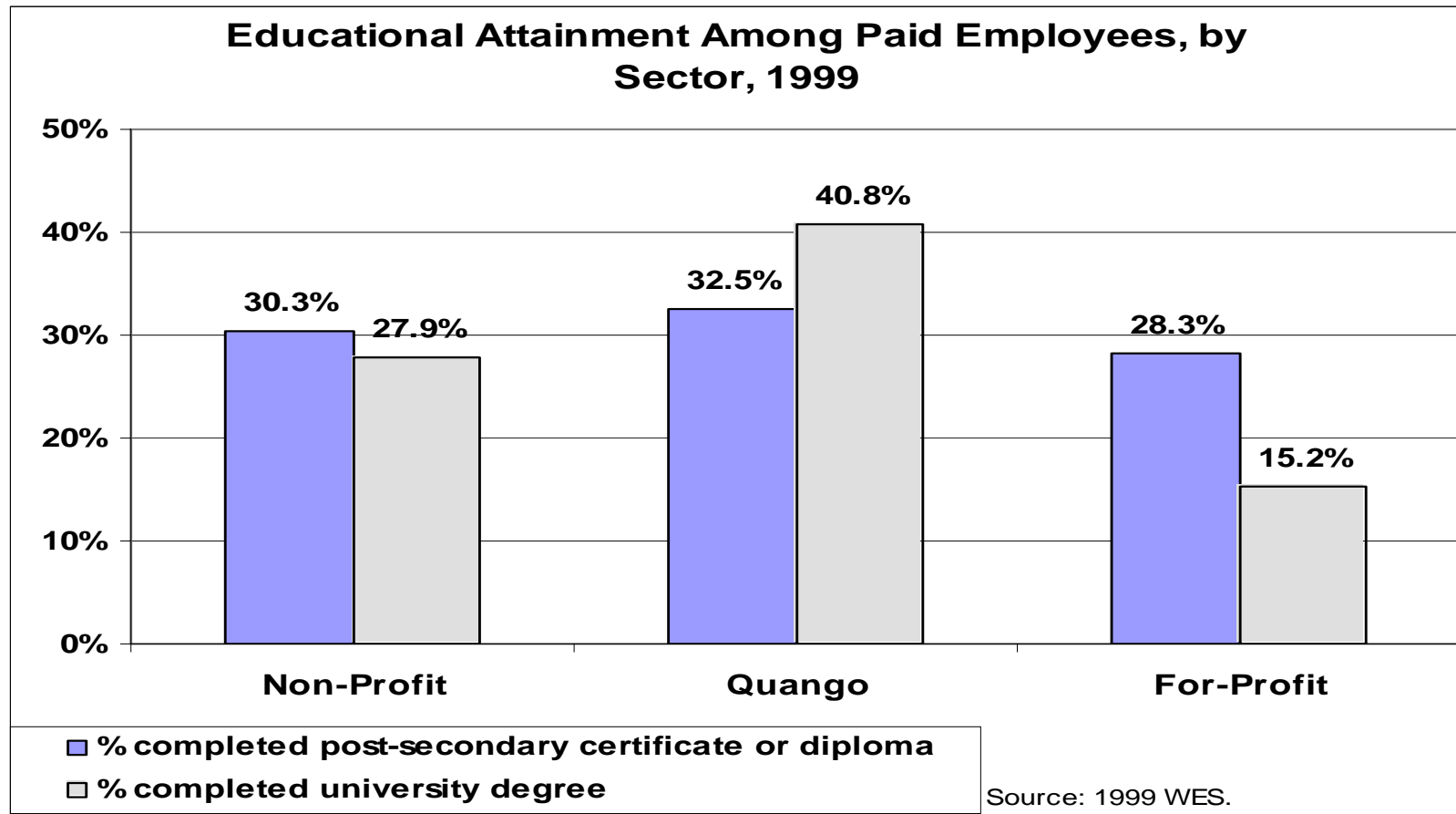
# An older workforce than for-profit



# ...predominantly female



# ...and highly educated



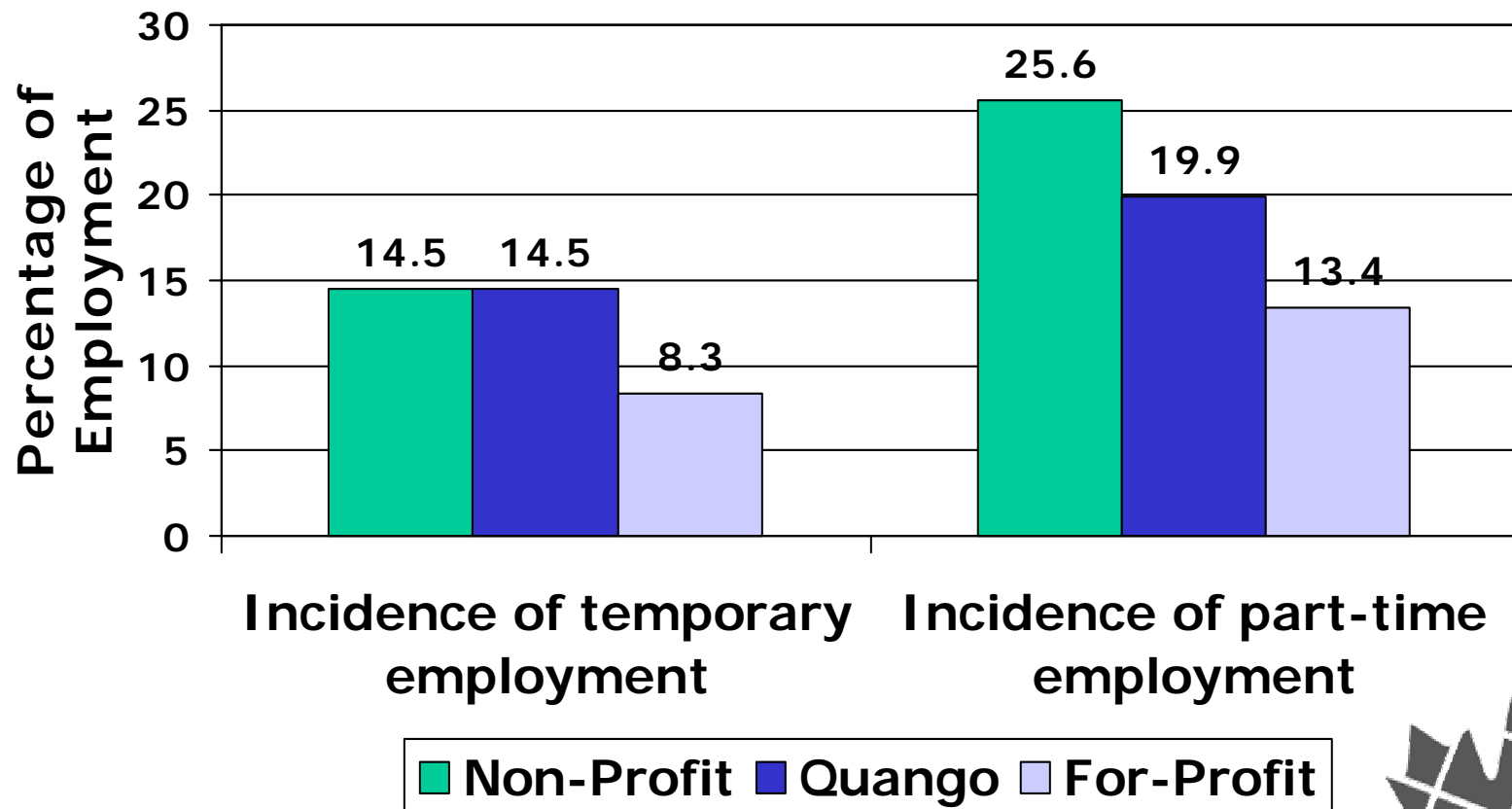
# Some other workforce characteristics

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- One-third of paid employees in non-profit sector are in professional occupations (compares with 10% in for-profit; 47% in quango)
- 14% are immigrants (similar in quango; 18% in for-profit)

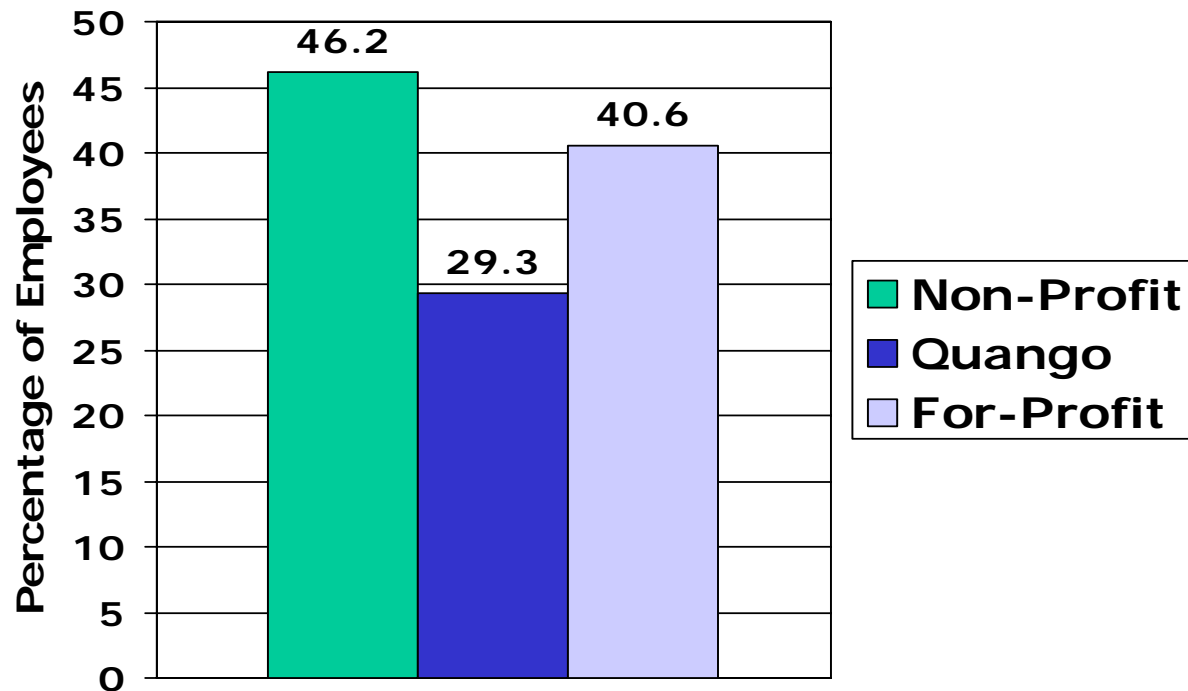


# Incidence of Temporary and Part-time Work Relatively High in Non-Profit Sector



## A high percentage of non-profit employees work flexible hours

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However, clerical/admin staff report less hours flexibility in the non-profit sector than the for-profit sector.



# Evidence from the WES confirms that wages in the sector tend to be low

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Median hourly wages of paid employees  
within occupational groups

	<u>Non-Profit</u>	<u>Quango</u>	<u>For-Profit</u>
Management	\$16.44	\$32.88	\$20.14
Professional	\$19.73	\$26.16	\$23.00
Technical/Trades	\$13.52	\$18.00	\$15.46
Clerical/Admin	\$13.66	\$15.85	\$13.13
Marketing/Sales	na	na	\$ 8.82
Production	na	\$15.57	\$11.57





# Percentage of employees who participate in selected non-wage benefits

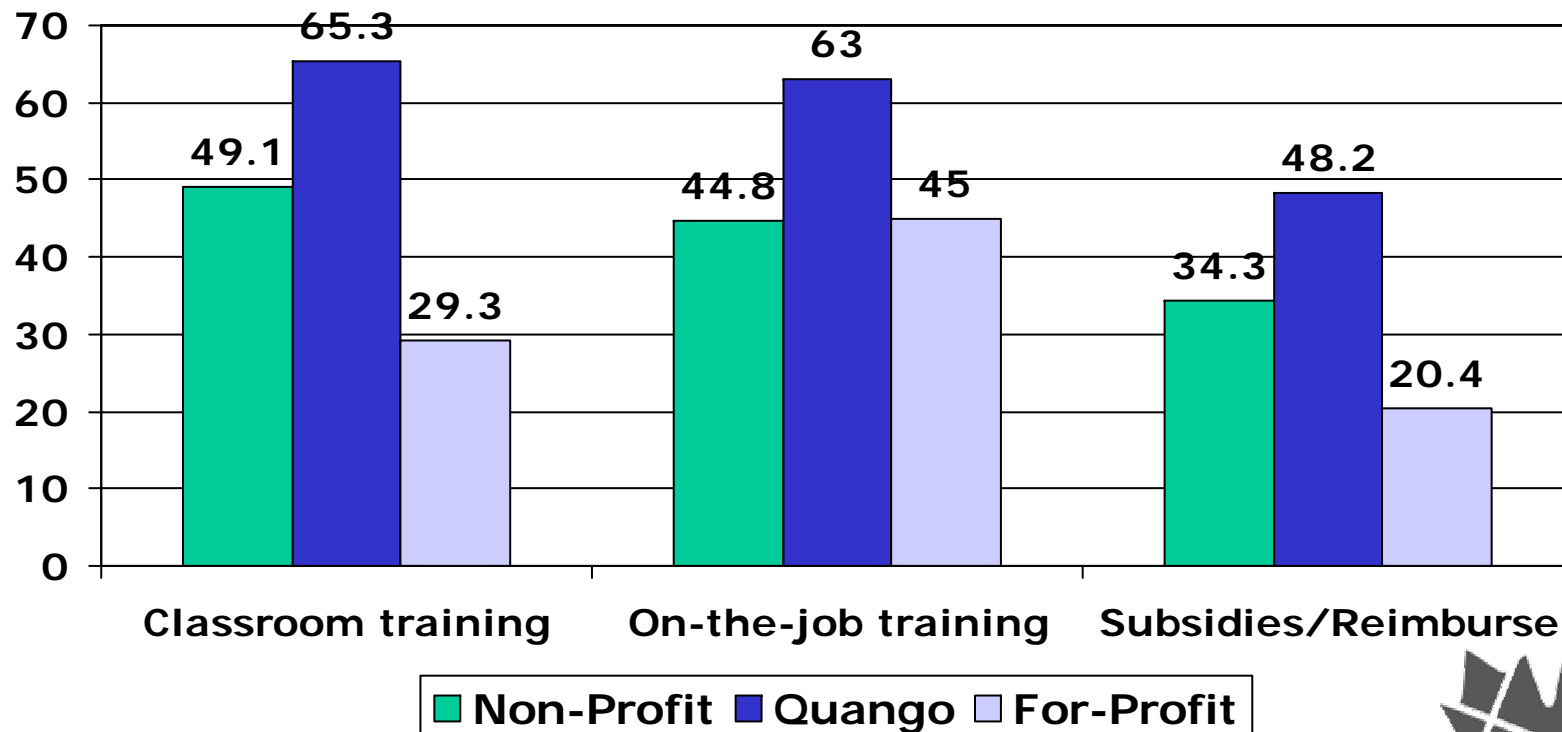
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	<u>Sup. Medical</u>	<u>Dental Plan</u>	<u>Life-Disab. Insur.</u>	<u>Employer Pension</u>
<u>All Employees</u>				
Non-Profit	53.8	52.7	54.3	44.7
Quango	69.5	64.6	77.5	78.2
For-Profit	52.0	51.5	55.1	34.2
<u>Full-time/Perm.</u>				
Non-Profit	66.4	64.4	67.1	54.6
Quango	78.9	74.4	88.2	87.6
For-Profit	60.4	59.7	63.6	39.1
<u>Part-time/Temp</u>				
Non-Profit	28.4	28.9	28.5	24.7
Quango	43.4	37.4	47.9	52.1
For-Profit	15.0	15.1	18.0	12.4



# Non-profit employers more likely than for-profit employers to provide training

Percentage of Establishments that Provided Employee Training in the Past Year



## Fewer Promotions in the Non-Profit Sector

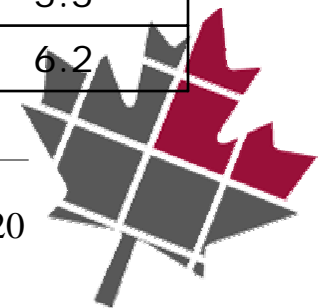
**Percentage of Employees Who Have Received a Promotion From Current Employer, by Sector and Gender**

	<u>Non-Profit</u>	<u>Quango</u>	<u>For-Profit</u>	<u>Total</u>
<i>Both Sexes</i>	28.2%	31.1%	40.8%	38.6%
Men	35.5%	35.7%	42.9%	41.9%
Women	25.7%	28.7%	38.5%	35.4%



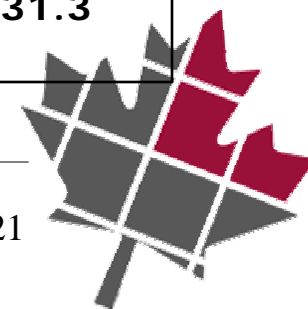
# Less Centralized Decision-Making Compared to For-Profit Sector

<b>Responsibility for Decision-making, by Sector</b>					
<b>Who Normally Makes Decisions with Respect to:</b>	<b>Non-managerial employee</b>	<b>Work Group</b>	<b>Supervisor</b>	<b>Senior Manager / Owner</b>	<b>Individual / Group Outside the Workplace</b>
	<b>Percentage of establishments</b>				
<b>Daily planning of individual work</b>					
Non-profit	33.1	13.0	30.1	33.3	13.8
Quango	46.8	14.5	36.5	30.8	--
For-profit	27.1	5.6	20.1	60.9	5.5
All sectors	27.8	6.3	21.1	58.2	6.2



# More Personal and Family Supports Provided in Non-Profit than For-Profit

<b>Personal and Family Supports Provided by the Employer</b> (reprinted from McMullen 2003b, Table 5.3)				
	<b>Non-profit</b>	<b>Quango</b>	<b>For-profit</b>	<b>All sectors</b>
	Percentage of employees reporting yes:			
Help with childcare	8.9	21.1	3.4	6.1
Employee assistance (counselling, substance abuse, financial, etc)	33.5	60.9	21.9	27.8
Help with eldercare	--	--	3.0	3.5
Fitness and recreation services	12.9	32.3	11.6	14.4
Other personal support or family services	--	5.5	2.5	2.9
<b>Any personal or family supports</b>	<b>37.7</b>	<b>64.8</b>	<b>25.3</b>	<b>31.3</b>



# Level of overall job satisfaction reported by paid employees, by sector

	<b>Very satisfied</b>	<b>Satisfied</b>	<b>Dissatisfied/ Very Dissatisfied</b>	<b>Total</b>
	Percentage of employees			
<b>All Employees</b>				
Non-profit sector	33.4	52.6	13.9	100.0
Quango sector	37.5	54.3	8.2	100.0
For-profit sector	34.7	55.0	10.4	100.0

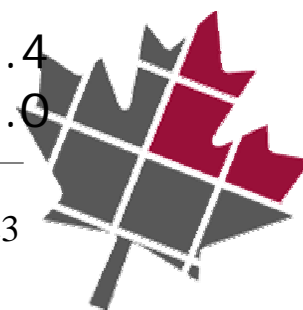


# Dissatisfaction with wages and benefits is evident in the non-profit sector, especially among older employees

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% of employees who are 'dissatisfied' or 'very dissatisfied' with their pay and benefits

	<u>Non-Profit</u>	<u>Quango</u>	<u>For-Profit</u>
<u>Both Sexes</u>	31.7	24.5	27.0
Men	25.3	21.6	23.9
Women	32.7	27.8	28.5
<u>Age Group</u>			
Less than 35	23.7	27.6	25.5
35 to 44	26.9	24.1	29.5
45 or older	37.5	20.3	23.2
<u>Hours of Work</u>			
Full-time	34.4	24.0	27.4
Part-time	23.6	26.9	25.0



# Overview of job quality in the non-profit sector

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- Positives
  - Flexible hours
  - Relatively good access to benefits and training compared to for-profit (but still an issue compared to quango)
  - More decentralized decision-making
  - More personal or family supports than for-profit
  - Interesting work: opportunity to make a difference





# Overview of job quality in the non-profit sector

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- Negatives
  - High incidence of temporary work
  - Concerns about adequacy of training
  - Fewer opportunities for advancement
  - Low pay, especially for managers and professionals



## Themes:

### 1) Gap between intrinsic and extrinsic rewards

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- Overall job satisfaction fairly high
- Evidence from other studies of high commitment, shared values
- But relatively high dissatisfaction with pay, rising with age
- Is high job satisfaction sustainable with the current pay gap?



## 2) Gap between smaller and larger organizations

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- Small organizations predominate, especially in non-profit culture, recreation and associations.
- Smaller organizations (under 20 employees):
  - pay less well;
  - are much less likely to offer benefits of training;
  - have fewer opportunities for advancement.



### 3) Gendered nature of work in the non-profit sector

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- Almost  $\frac{3}{4}$  of paid employees in non-profit sector are women
- Employers need to ensure that female staff face no barriers to advancement
- Evidence from other CPRN studies shows that women and men have different expectations of their workplaces.
  - E.g. University-educated women are more likely than university men to value respect, commitment, communications



## Changes needed:

### 1) The funding environment

*Funders need to consider a mix of long-term financial support and grants designed for capacity building in addition to targeted funding. Non-profit organizations need 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 the requisite results.*



## 2) A human resource sector council

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- *Establishment of a human resource sector council should be considered for the non-profit sector. Many of the human resource challenges in the non-profit sector are common to most organizations in the sector.*
- *Roles could include: analyzing HR needs and challenges; identifying skill requirements; developing affordable training programs targeted at sub-groups within the sector.*



# Additional roles for a human resource sector council

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- Establishing ways for small non-profit organizations to engage in outreach recruiting on a collective basis;
- Facilitating the provision of multi-employer benefit plans, to make it easier for smaller organizations to offer benefits; and
- Articulating to funders the needs of the sector with regard to investing in human resource capacity.



### 3) Pay rates, job quality, intrinsic rewards

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Non-profit employers should:

- Promote job quality (flexible working conditions, open communications, skill development, involvement of staff in decision-making).
- Ensure that wages/salaries are at least competitive with others in the sector.
- Emphasize the opportunity to do interesting and satisfying work.





# Research needs include:

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- More detail on changing skill requirements and training activities
- Information on effectiveness of training
- Much richer data on job satisfaction





For additional information:

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