# Coping with Change: HR in the Non-profit Sector

**Friday, December 5, 2003** – Canada's non-profit sector is responding to a turbulent environment with positive human resource strategies that rival or surpass the effectiveness of those in the for-profit and public sectors.

The fourth study in a pioneering series on the non-profit sector from CPRN's Work Network finds the sector under stress, but highly innovative in its responses. ***Coping with Change: Human Resource Management in Canada's Non-profit Sector***, by Kathryn McMullen and Richard Brisbois, examines the impact of changes in the external environment on both organization and human resources policies of non-profits.

"The non-profit sector is a critical part of the delivery system Canadians rely on for their quality of life," says Ron Saunders, Director of the Work Network. "That's why the sector's ability to adapt and survive is of vital public interest."

Canadians turn increasingly to non-profit organizations for a host of essential goods and services, especially in the wake of cuts in the public sector. Some 60,000 non-profits (excluding religious organizations and quasi-governmental organizations like hospitals and schools) provide almost 900,000 paid jobs. That's equal to the total combined employment of Newfoundland, Nova Scotia, and New Brunswick, or to the total number of jobs in the construction, mining and oil and gas industries nationally.

"Like other sectors, the non-profit sector has experienced intense pressures for change over the past decade," says Kathryn McMullen.

The sector has seen its responsibilities grow in tandem with public sector cutbacks. What's more, its funding has become more tenuous – shifting from on-going, core commitments to short-term, targeted funding.

"These changes place enormous demands on non-profit organizations," says McMullen, "demands that require unusual innovation and adaptability from both managers and workers."

The authors document a dynamic sector that has been as active as other sectors in raising employee skill levels, improving product and service quality, and increasing employee participation in decision-making. Motivation for these changes is not dissimilar to that of other sectors.

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“What sets the non-profit sector apart, however,” says McMullen, “is the central role its people play. Often unable to compete with other sectors on salaries, it has to focus more on the working environment, on job quality factors.”

Indeed, the study finds that many non-profit organizations have a comparative advantage over other sectors in areas such as individual control over work, shared decision-making, and mutual respect and trust in the employment relationship.

“These are advantages the sector would be wise to build upon,” says McMullen, “since the current funding environment prevents many organizations from offering high salaries or long-term permanent jobs.”

The authors make a number of recommendations for further research aimed specifically at uncovering the human resource realities in the sector and improving its sustainability.

More research is needed, they suggest, to identify what role organizational size plays in the non-profit sector. They also call for research on strategies particularly suited to the needs of non-profit organizations – like diversifying funding sources, adopting formal approaches to fund-raising, and collective approaches to such things as providing employees with benefits and training.

“Lessons learned from this research are likely to apply beyond the non-profit sector,” says Ron Saunders. “Strategies that make the non-profit workplace desirable to skilled and committed workers, make good business sense in any workplace.”

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