The Non-Profit Sector: Struggling to Make Work Pay

January 10, 2003 – Canadian non-profit organizations that ignore the quality of their workplaces risk losing out in the tight labour markets of the future. That's the thrust of a new report from CPRN.

Job Quality in Non-Profit Organizations, by Kathryn McMullen and Grant Schellenberg, is the second paper in a new series on the non-profit sector in Canada.

Canadians depend increasingly on 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.

Despite the economic and social significance of non-profits, little is known about the quality of jobs in the sector, nor about its ability to compete for skilled workers in future. This paper compares the non-profit and for-profit sectors in terms of a number of key job quality indicators.

"Several characteristics distinguish non-profit workplaces from those of the for-profit sector," says Schellenberg. "Some characteristics may help attract and keep new workers. Others represent weaknesses that could threaten the sustainability of non-profit organizations if ignored."

How do non-profit workplaces compare? Here are some of the authors' findings:

- Only 25% of non-profit employees are under the age of 35, compared to 37% in the for-profit sector – a recruitment challenge looms.
- Women make up 75% of non-profit employees, less than 50% in for-profits.
- Post-secondary graduates occupy 58% of non-profit jobs, 44% of for-profit jobs. This group is especially sought after in the knowledge-based economy.
- 14% of jobs in non-profits are temporary, compared with 8% in for-profits.
- 25% of non-profit jobs are part-time – double the level in the for-profit sector.

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- It's easier for non-profit employees to work flexible hours. That's good for work/life balance, but may entail lower earnings and reduced access to benefits.
- Median earnings of non-profit managerial, professional and technical/trades employees are $2 to $4 per hour lower than in the for-profit sector. Earnings of clerical/ administrative workers in the two sectors are comparable.
- The annual earnings gap is even larger when temporary or part-time employment is taken into account.
- Almost 40% of non-profit employees are dissatisfied with their pay and benefits. Only 20% of for-profit employees feel likewise.
- Performance-based pay systems are rare in the non-profit sector and common in the for-profit sector, a fact that further widens the compensation gap between the two.
- Limited revenues and financial uncertainty among non-profits may result in fewer permanent jobs, limits to benefits, and heavier workloads.

"The non-profit sector is especially human-resource intensive," says McMullen. "That makes it all the more important to get a handle on these realities if the sector is to meet the challenges of recruiting and retaining the workers it will need in future."

"Government off-loading has meant increasing demands on the sector. But, resources may not be adequate for the new responsibilities. Workload problems, stress, work/life conflict, job insecurity, lower pay and benefits and a high level of dissatisfaction are all warning signals."

The authors acknowledge the intrinsic benefits of work in the non-profit sector, benefits that come from commitment to a cause, or doing socially valued work. But they question whether those benefits should be expected to compensate for disadvantages in other respects, especially in more competitive labour markets.

"If we are to depend on non-profit organizations to the extent we do today," says Schellenberg, "then steps need to be taken to improve the quality of work in the sector. Failure to do so will hurt thousands of workers and, equally important, many more thousands of Canadians who have come to depend on them for vital services."

You can access or download a copy of the research report by clicking here.

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