

# MYTHS

A popular belief is that non-profit jobs provide more challenge, variety, satisfaction and intrinsic rewards than those in the private sector.

Furthermore, popular views hold that non-profit employees are attracted to the sector by selfless service and work fulfillment, and have chosen to forgo the competitiveness of for-profit firms.

But what about the pay, job pressures and lack of resources; how do they affect work in the sector and services to the public?

## The Myths and Realities of the Workforce Crunch in Non-Profits

While all businesses and organizations in Alberta are facing significant challenges attracting and retaining employees, agencies in the non-profit human services\* sector are facing a staffing shortage. Recent research reveals that many organizations face:

- Up to a 50 per cent pay gap between equivalent positions in the non-profit and for-profit sectors;
- 20 per cent vacancy rate, which means agencies are trying to deliver services with one-fifth of their team members missing; and,
- 40 per cent annual turnover of staff, which forces new and inexperienced staff to deal with very complex social issues.

\*Human Service includes non-profit organizations in the community providing: children, youth, family and women's services; support for seniors and people living with disabilities; shelter and housing; immigrant settlement and refugee assistance, and aid to people with low incomes, but excludes major institutional organizations such as hospitals, universities, and colleges (Statistics Canada, 2004).

Ensuring that Alberta's greatest natural resource, its people, continue to thrive requires ongoing access to the vital services provided by people working in the human services sector.

A chronic shortage of labour is affecting the ability of many human service non-profit organizations to meet the demand for their services. The concern lies not simply in the lack of workers, but the inability of these organizations to deliver services to those who need help.

The human services non-profit sector faces similar challenges to the for-profit sector when it comes to workforce development, succession planning, talent recruitment and retention, and benefits and compensation. As the competition for staff increases across the province, many organizations in the human services sector are in a particularly precarious position and are limited in their ability to deliver high quality services to those in need. This shortfall in provision of services is negatively affecting the health and wellness of Albertans.

Organizations that provide human services in the non-profit sector are vital to maintaining quality of life in Alberta. "Non-profits provide the social capital, services and infrastructure essential to maintaining a sustainable and prosperous economic environment for all sectors. The benefits provided for individual Albertans and broader societies are often incalculable." <sup>1</sup> (p. 4)

This document exposes some of the common misconceptions about the human services non-profit workforce and the structures in which they operate. The information presented in this document is based on research conducted within non-profit organizations. Organizations that provide services and programs to help individuals are a major employer within the sector. The human services nonprofit sector includes organizations that help children, youth, families, women, seniors and people living with disabilities. They provide shelter and housing, immigrant settlement and refugee assistance and aid to people with low incomes.



# MYTH #1

## Salary and benefits are unimportant to non-profit employees; meaningful work is reward enough.

**Fact #1:** It is true that employees are drawn to the sector by the opportunity to make a meaningful difference. “Non-profit employees consistently rank satisfaction with intrinsic rewards as high; however, they consistently rank satisfaction with extrinsic rewards as low”.<sup>2</sup>

**Fact #2:** While there are some well-paying positions in the sector, there is also substantial evidence that front-line staff accept a lower standard of living in order to remain in the sector.

As research by Linda Mclean (2006) found in the homeless serving sector:

- Front-line staff regularly reported using the food bank;
- More than 50 per cent of all respondents worked two or more jobs to survive; and,
- Financial instability meant that 47 per cent of front-line staff reported experiencing periods of homelessness in the past twelve months.<sup>2</sup>

**Fact #3:** National research by the HR Council found that 22 per cent of full-time staff across Canada reported having more than one job, and almost one-half of part-time employees have a second paid job.<sup>3</sup>

**Fact #4:** Economic pressures are forcing more front-line staff members out of the non-profit sector and into higher-paying positions in the public and private realms. National research shows that two-thirds of respondents working for non-profits reported they left the sector to earn a higher salary.<sup>3</sup>

**Fact #5:** In a recent survey, the HR Council found that of those employees who were looking for a new job, 41 per cent mentioned dissatisfaction with salary as their primary reason.<sup>3</sup>

# MYTH #2

## Non-profit organizations only use volunteers; they do not need employees.

**Fact #1:** Alberta's non-profit sector is a major employer, employing more than 105,000 staff in 2003.

**Fact #2:** Salaried employees accomplish the majority of work carried out by non-profit organizations. Research shows that only 36 per cent of the work is completed by volunteers, while 64 per cent of the work in non-profit organizations is completed by paid staff.<sup>4</sup>

**Fact #3:** Paid employees provide the professional services needed by organizations to run efficiently, including services such as, organizational management and leadership, counseling, accounting, communications, human resources and fund development.



# MYTH #3

## Employees of the non-profit sector have lower levels of education and skills than for-profit employees.

**Fact #1:** The majority of employees in the non-profit sector have a university degree, college diploma or certificate, and relevant work experience.<sup>5</sup> The HR Council's survey confirmed this by reporting that over 70 per cent of employees have post-secondary education.<sup>3</sup>

**Fact #2:** Non-profit leaders have the same qualifications, expertise and skills as leaders in other sectors and, in fact, may be more effective than for-profit leaders. A study of more than 2,500 management leaders in the non-profit and for-profit sectors found that non-profit leaders significantly outscore their for-profit counterparts in 14 out of the 17 dimensions of leadership practices. These dimensions include persuasiveness, risk-taking, demonstration of effectiveness and vision.<sup>6</sup>



*“By 2016 annual labour force growth will be near zero. Within the next decade, for every two people who are retiring there will be less than one person to take their job.”*

Linda Duxbury, 2006

# MYTH #4

## The current staffing shortage is only temporary.

**Fact #1:** Slower population growth will limit the supply of labour in the coming years and impede economic growth in Calgary. This situation does not reflect a lack of opportunity, but rather a lack of people to fill jobs.<sup>7</sup>

**Fact #2:** In 10 years, Calgary is forecast to experience a shortage of 30,000 workers as the population ages.<sup>8</sup> At the same time, demand for human services will increase as the population reaches 1.1 million by 2014.<sup>9</sup>

**Fact #3:** The growing number of retirees will affect staffing levels in all sectors. Research finds that community service and health care are expected to be the most adversely affected as staff retire.<sup>10</sup>

# MYTH #5

## Non-profit organizations operate differently than for-profit businesses.

**Fact #1:** Although the missions and mandates of non-profit and for-profit organizations may be different, the business activities (e.g. human resources, accounting, and customer service) are similar at the operational level.<sup>10</sup> Support functions such as accounting, communications, and media relations are critical to organizational productivity and efficiency.

**Fact #2:** In terms of financial accountability and outcomes, non-profits are expected to, and do, meet high standards. Similar to for-profit organizations, non-profits have well-developed accounting systems and are subject to annual audits to ensure that funds are properly allocated. Outcomes reporting requirements from government and other funders are exacting. Many staff in non-profits also need to meet professional accreditation standards.

**Fact #3:** Research reveals that inadequate infrastructure funding compromises the organizational effectiveness of non-profits.<sup>11</sup>

**Fact #4:** Unlike the human services sector, private enterprise has the autonomy and ability to modify and increase revenues as well as expenses. The human services sector has limited ability to adjust its revenues. Passing on increasing costs to clients is generally not an option, so organizations must rely on funders to increase their support levels or generate additional revenue through fundraising. Shifting emphasis to fundraising distracts from the core work of human service non-profits, which is to help people.

**Fact #5:** A 2006 local study of the financing of non-profit organizations found that 72 per cent of the programs in the study received insufficient funding to cover essential costs. By necessity, these organizations had to fundraise to recoup the difference, or defer necessary expenditures such as maintenance or insurance coverage. The study concluded that insufficient funding of non-profits would cause organizational capacity and program effectiveness to decline.<sup>12</sup>



# MYTH #6

## The staffing shortage in non-profits will not have any impact on society or me.

**Fact #1:** There are more than 19,000 non-profit and voluntary organizations in Alberta operating in a wide range of areas. These organizations provide services to all Albertans such as children and youth, the elderly and people with disabilities or special needs. “The range of groups served – from students and Aboriginal peoples to the elderly and the disadvantaged – illustrates the broad spectrum of ways that the non-profit and voluntary sector in Alberta works to improve lives, communities, and society as a whole”.<sup>13</sup>

**Fact #2:** The importance of the non-profit sector will expand as Alberta’s economy continues to boom and new workers from other countries are recruited to work in the province. The energy, manufacturing, retail, tourism and hospitality industries have already identified a need for services such as immigrant settlement services, English as a Second Language support, parental and child care programs, and creating welcoming communities as a means to attract and retain the workers they need.<sup>3</sup>

**Fact #3:** Salary and staff satisfaction reviews completed by Alberta non-profit organizations over the past five years found that in many organizations:

- Funding constraints have resulted in program cuts. Some non-profit organizations have had to settle for less-qualified staff because they are unable to compete with the for-profit sector in terms of wages and benefits;<sup>14</sup>
- High turnover in staff has contributed to poor program continuity, and necessitated that large amounts of time be spent on training rather than program delivery;<sup>14</sup>
- There are concerns about the ability to honour their contracts and that standards are being compromised.<sup>15</sup>

## Why does it matter?

The organizations and people that work in the sector provide access to safe and affordable child care, after-school programs to keep our children and youth productively engaged and off the streets, compassionate care for our parents and grandparents, and affordable housing so no one, including families, has to spend the night on the street.

The staffing shortage in the human services sector impacts everyone's quality of life. The situation must not be ignored. Real change is needed if Alberta is to remain a province known for its strong and vibrant communities – places where people feel safe, healthy and have opportunities to reach their full potential.

## What is being done?

United Way of Calgary and Area believes that the sustainability of the human services sector is a priority issue. It is funding the Calgary HR Initiative, which is led by the Calgary Chamber of Voluntary Organizations. The goal of this initiative is to build a vibrant and sustainable human services sector capable of attracting and retaining a workforce today and in the future.



## How can you help?

### Raise your voice:

Discuss the importance of human services organizations in your community. Talk about the experiences you've had or the experiences of those close to you.

Engage decision-makers and community leaders in finding long-term solutions. Ensuring the sustainability of the sector requires collaboration among businesses, government, and the public. The sustainability of the sector is important to everyone and a concerted effort will be needed to develop viable solutions.

If you are among the many people who serve on the boards of non-profit organizations, discuss your responsibilities to ensure that you have policies that support staff. Keep up-to-date on the issue and enquire whether your staff is being paid competitive wages and benefits.

### Join us:

Consider a career in the human services sector and encourage young people to consider training for a job in the sector when they are considering their education options.

If you are retired, think about starting a second career in the human services non-profit sector. Organizations can benefit from your knowledge, experience and expertise.

### Invest in your community:

Support Calgary's human services sector by donating funds or donating your time.

Volunteer and get involved. Learn first-hand about the valuable services offered by the sector and gain an understanding about the challenges the sector faces.



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For further information, please go to

[http://www.calgarycvo.org/hr\\_initiative.html](http://www.calgarycvo.org/hr_initiative.html)



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