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Change Work: Summary & Promising Practices

Moving Decent Work Forward
in the Not-for-Profit Sector

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MowatNFP

MOWAT'S NOT-FOR-PROFIT POLICY RESEARCH HUB



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Mowat NFP undertakes collaborative applied policy research on the not-for-profit sector. As part of an independent think tank with strong partnerships with government and the sector, Mowat NFP brings a balanced perspective to examine the challenges facing today's sector and to support its future direction. Mowat NFP works in partnership with the Ontario Nonprofit Network (ONN) to ensure our research and policy recommendations are timely and relevant to the sector and reflect its values.

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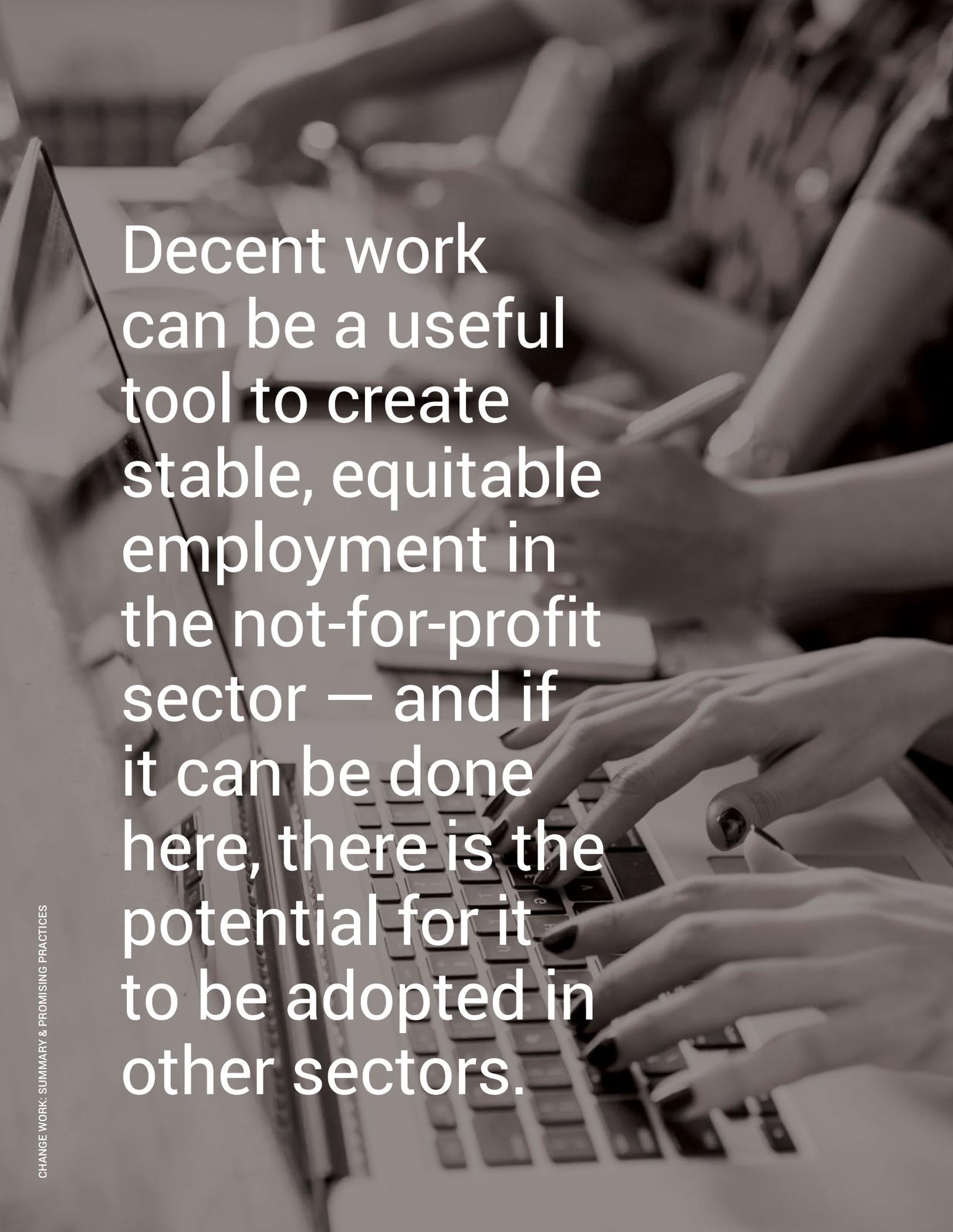
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Decent work
can be a useful
tool to create
stable, equitable
employment in
the not-for-profit
sector — and if
it can be done
here, there is the
potential for it
to be adopted in
other sectors.

Introduction

Job precarity is a reality for many not-for-profit (NFP) sector employees. About 28 per cent of people employed by Ontario non-profits work part-time, 6 per cent work full-time but on time-limited contract, and another 13 per cent are employed part-time and on contract. Evidence suggests that job insecurity, lack of access to benefits and retirement income, and underinvestment in training and development are ongoing issues in the sector – employees feel passionate about their mission, but there are many symptoms of distress.

However, the sector itself – often associated with passionate advocacy dedicated to protecting and advancing the interests of vulnerable people – can play a leading role in providing jobs that work better for people.

Decent work is a lens for conceptualizing the possibilities presented by fair, equitable, and stable work. It offers an opportunity to ensure that the passionate objectives of the sector are also reflected internally by strong employment practices and a policy environment that enables these practices.

In simple terms, decent work is a range of workplace elements, conditions, and characteristics that together create good working conditions. The International Labour Organization (ILO) defines decent work as work that delivers a fair income and social protections, security and equality of opportunity in the workplace, and prospects for personal development and social integration.

There is currently no formal set of elements and quantitative indicators for decent work at the sector level – the ILO has focused its work on developing and measuring legal and statistical indicators for decent work at the country level.

Based on our research and the ILO's national elements, Mowat's Fall 2015 report *Change Work* identified a non-exhaustive list of seven elements for discussion in the NFP sector.

A commitment from the NFP sector to improve working conditions will not only create stable and secure employment: it will make NFP organizations as a whole more resilient, healthy and effective.

What exactly does decent work look like?

» Employment Opportunities

Refers to the growth rate of the NFP sector, the number of sector employees, the quality of sector jobs, the demand for talent, and its ability to attract and retain workers with diverse backgrounds and skillsets. Could also include the role played by volunteers in the sector.

» Stable Employment

Thinking about policies and mechanisms that can support sectors characterized by high turnover, seasonal or unpredictable work. Predictable hours of work and scheduling practices that allow for employees to maintain balance between family, work, and personal time.

» Fair Income

Refers to salaries, but also the social protections that ensure income security. Being paid for holiday, parental and sick leave, and having steady work hours that allow for predictable and reliable income. Promoting and adopting living wage policies, or other standards that promote income fairness within and between workplaces (e.g. Wagemark).

» Health and Retirement Benefits

Benefits are a key driver of dignity in the workplace and essential to making the NFP sector a choice employer. Support for benefits in organizations could mean ensuring equal access to benefits for all employees, including part-time and contract workers.

» Opportunities for Development and Advancement

Employees are able to participate in formal training, to create and take advantage of professional learning opportunities, and to advance professionally in the workplace and beyond. Adopting a workplace culture focused on staff learning and development.

» Equal Rights at Work

Ability for all employees to express their concerns, participate equally, and feel included and safe in the workplace. Employment standards, established codes of conduct, proactive policies for diversity and inclusion, worker safety standards, and a workplace in which employees understand they have the right to speak up about safety concerns.

» Culture and Leadership

Effective leadership and adaptive work culture – this includes regulations, standards, and leadership norms that govern workplaces. Having skilled leaders and managers who place value on employees and work to create the conditions that will support them in achieving more at work while balancing family and personal life.

How is the NFP sector doing? Decent work in practice

This section provides a snapshot of the current NFP sector using the elements of decent work outlined above, and outlines some of the distinctive factors that both enable and constrain the sector as an employer. This section is not meant to provide a definitive overview of the sector’s progress on “decent work” but rather to highlight the need for a discussion of how the sector can act as a champion of decent work and the ways that it currently struggles to meet this vision.

Access to quality labour market information is essential to understanding the sector and how it is doing as an employer. Unfortunately, Statistics Canada collects very little data that is focused on the not-for-profit sector specifically (please refer to the final Change Work report for the reasons for this). Given that, it is necessary to draw on diverse sources to get a snapshot of the sector as an employer. The 2013 Shaping the Future report, developed as part of the Ontario Nonprofit Network’s (ONN) human capital renewal strategy, looks at Ontario’s NFP sector through a human capital lens. The paper argues that the sector’s future vibrancy and sustainability relies on the ability of the sector to attract and retain talent, foster effective leadership, provide the right mix of support and training opportunities, as well as offer competitive benefits and compensation. The data from the report touches on a few key indicators that relate to decent work, as identified above. An image of the sector as an employer was developed using information from the report’s survey, findings from a series of nine focus groups held by the Toronto Neighborhood Centres (TNC) in April and May 2015; as well as other reports and articles.

EMPLOYMENT OPPORTUNITIES

The NFP sector is a significant employer in Ontario. It consists of more than 55,000 organizations employing approximately 600,000 full-time workers, 400,000 part-time workers and engaging millions of volunteers each year. But size is an important consideration to take into account when thinking about how the sector can champion decent work. The size of an organization will undoubtedly influence the strategies that organizations pursues.

Most NFPs are small employers. Many have no paid employees at all. The 2003 NSNVO survey found that 54 per cent of NFPs in Canada are run entirely by volunteers. Large employers (over 100 employees) make up only 3.1 per cent of organizations in the sector, yet are responsible for 53 per cent of the sector’s employees.

FIGURE 1

Distribution of employers and employees by number of employees (NSNVO 2003)

Number of employees	Employers (%)	Employees	
		%	N
1 - 4 employees	57.5	6.9	81,870
5 - 9 employees	17	6.3	75,266
10 - 24 employees	14.2	11.9	141,099
25 - 99 employees	8.3	21.5	254,349
100+ employees	3.1	53.4	633,177
All	100	100	1,185,762

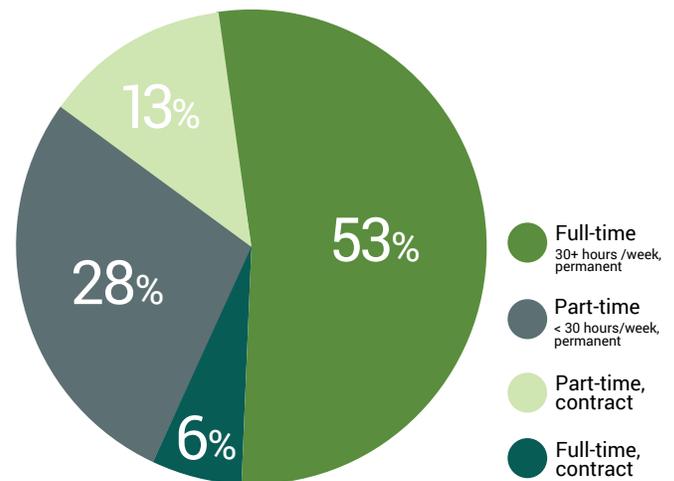
STABLE EMPLOYMENT

Decent work involves thinking about the relative stability of a worker's employment. Based on the Shaping the Future findings, for organizations with at least one paid employee, approximately 53 per cent of employees are in full-time, permanent positions. However, there is also a large contingent of part-time and contract workers. Focus group participants noted that part-time positions often lack benefits and were concerned about their growing prevalence. For contract workers, it was recognized that roles are often tied to project funding but focus group participants felt that they should be provided with a greater sense of job security, even if this only meant matching contract length to the full-grant term.

FAIR INCOME

When asked what decent work means to them, focus group participants identified having a fair wage as an important element of decent work. Participants often noted that this meant at least a living wage. Findings from the focus groups also highlighted the need to understand compensation in the sector, both within specific sub-sectors, but also how it compares to other industries. It is unclear to what extent organizations are offering employees a fair income and what "fair" means in the NFP context. One of the challenges is a lack of official information regarding wages and salaries in the sector. The 2013 Canadian Nonprofit Sector Salary and Benefits Study by Charity Village provides some insight into NFP compensation (based on self-reported data). Overall, compensation is growing slowly, and varies significantly by organization and community size. But there is very little comprehensive information on what NFP workers are actually being paid. There is a significant need for better labour market information to better understand how to advance decent work in the sector.

FIGURE 2
Employment Status



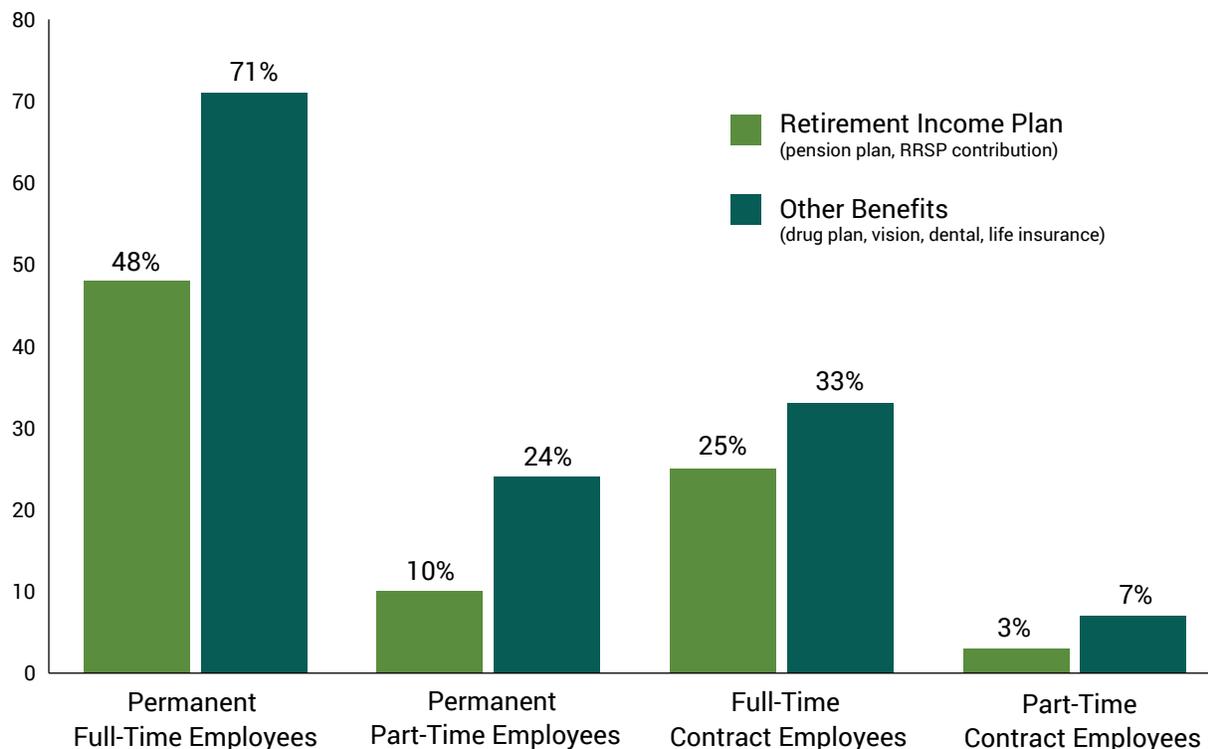
HEALTH AND RETIREMENT BENEFITS

The absence of benefits (drug, vision, dental, pension, or life insurance) may be a barrier to decent work in the NFP sector, especially for the sector's large contingent of part-time permanent workers. Overall, workers are more likely to receive medical benefits than retirement plans. Unionized employees are more likely to receive health and retirement benefits than non-unionized employees.

Access to health and retirement benefits was an element of decent work raised by all focus groups. In particular, some participants noted the need to ensure that all workers, regardless of employment status, had access to these supports.

FIGURE 3

Employee access to retirement income plans and other benefits



OPPORTUNITIES FOR DEVELOPMENT AND ADVANCEMENT

The NFP sector may also be challenged in its ability to offer meaningful opportunities for professional growth, skills development and advancement. A 2011 HR Council survey on the state of skills development in the Canadian NFP sector found that 90 per cent of NFP organizations had participated in some form of professional development and training. But those were likely to be low cost and informal. It is unclear whether or not these forms of training offer meaningful opportunities to employees and the extent to which organizations are able to incorporate training and development into their strategic planning. In short, NFPs are not spending, or don't have the resources to spend sufficiently on training and professional development.

EQUAL RIGHTS AT WORK

Many organizations have adopted anti-oppression and anti-harassment policies; however, precarity in employment may discourage employees from using them. Frontline workers report stress and safety concerns due to lack of training on how to de-escalate violent and threatening behaviour. Safety and the need for better education emerged as a theme from the focus groups. Finally, the toll on mental health is often ignored. Better mental health data is needed as well as a need for conversation on sources of stress and burnout in NFP sector.

CULTURE AND LEADERSHIP

Passion is a strength of the NFP sector, but it can be harmed by poor working conditions and lack of engagement opportunities. NFP workers, especially in service delivery, report doing extra work – often above and beyond their positions – so that clients are not impacted by lack of resources. This has implications for work-life balance and stress. A need for people-focused leadership was identified – managers who can empower and support employees. Effective boards can contribute to decent work by ensuring that they hire effective, people-focused leaders and establish the guiding principles and policies for a supportive work environment. They also have a role to play in ensuring that those policies and principles are being implemented and upheld.

The challenge - decent work costs money.

The reality is that investments in people, processes, and technology cost money – and NFPs are operating in a resource-scarce environment.

The profile of donors in Canada is changing.

Canadians are aging and younger donors may not be replacing older donors fast enough. Perhaps as a result, more and more organizations are relying on mixed revenue streams typically consisting of government funding, earned income, and donations.

There are new funding, governance, and accountability models.

There are fewer multi-year unrestricted (spend-as-needed) funding opportunities for NFPs as funding in the sector becomes increasingly project-based and restricted. There is also an increased focus on measuring impact resulting in rising costs to organizations and pressures to demonstrate efficiency and outcomes. This forces organizations to continually cut and rework their budgets. Investments in decent work practices, such as professional development for example, end up treated as discretionary line items.

There is mounting pressure to keep overhead costs low.

It has become popular to benchmark organizational effectiveness based on administrative ratios (i.e. directing as much revenue as possible to program delivery). This ignores the fact that NFPs vary greatly by size, geography, and sub-sector and that maintaining low overhead costs can inhibit investments that would produce long-term growth, efficiencies, and innovation.

In a resource scarce environment, culture and leadership are key.

There exists an altruistic management style in the sector that champions a selfless desire to prioritize community service over personal benefit, which can lead to employees being encouraged to forgo salary increases, professional development, and stable employment. Pressure to make personal sacrifices can come from the culture of work and/or from employees and executive leaders themselves. Passion as a motivation can lead to an over-emphasis on dedicating resource allocation to delivery over needs of employees.

Making it work

Championing decent work is about creating awareness and promoting different choices that organizations, networks, governments and funders can make to ensure the lives of individuals are more secure and stable and help organizations be more resilient and effective. The NFP sector has an opportunity to be a leader on this front and act as a model for work that advances human dignity.

Advancing decent work will involve:

- » Championing policy changes that make work better for all, including a stronger social safety net (e.g. pharmacare and child care) and better employee protections (e.g. Employment Insurance, protections for part-time and contract workers).
- » Cooperating and collaborating both across the NFP sector and with governments to support initiatives impacting the ability of NFPs to offer decent work, including changing outdated regulatory structures that govern the sector and improving NFP labour market data.
- » Building partnerships between NFPs that can achieve things organizations cannot do alone, such as offering joint training and development opportunities, pooling resources to improve employee supports, and engaging in a sector-wide conversation about compensation practices that promote transparency, fairness, and equity.

But systemic change is complicated and cannot happen overnight. Despite persisting barriers, what can NFP organizations do right now to “Change Work”?

Identifying promising practices

Sharing promising practices is a jumping off point for exploring the potential for decent work in the NFP sector. Through a set of key informant interviews, including the Ottawa Art Gallery and St. Stephen’s Community House, six promising practices or themes emerged. The two organizations profiled here were selected as examples for discussion and are not exhaustive. The practices offer insight and learnings that might be applied in other organizations to advance decent work efforts.

St. Stephen’s Community House

- » A community-based social service agency serving the needs of Kensington Market and other neighbourhoods in Toronto since 1962.
- » Mission is to identify, prevent and alleviate social and economic problems by creating and providing a range of effective and innovative programs.
- » They have 100 full-time, 40 part-time, and 80 casual/seasonal/traineesstaff. They operate in nine locations.
- » Unionized environment
- » They work with about 500 volunteers
- » Bill Sinclair is the Executive Director

Ottawa Art Gallery

- » A local NFP Arts organization, founded in late 1980s in Ottawa, Ontario.
- » Mission is to celebrate and promote local artists and their works.
- » They have 14 full-time and 5 part-time staff. And 1 full-time contract employee who will become permanent in 2017.
- » 75 volunteers
- » Undergoing a period of expansion and growth.
- » Alexandra Badzak was hired as the Director and Chief Executive Officer to lead the expansion process.
- » Non-unionized environment.

1] Develop a vision for decent work in your organization

Some elements of decent work are more universally applicable, such as fair income or equal rights at work, but the details of how they look might vary by organization. For instance, a small micro-organization in a non-unionized environment may have different decent work priorities than a larger unionized one – and sub-sectors vary widely, too. At St. Stephen's, one aspect of implementing decent work involves planning program delivery - for example after-school youth programming - to include protected staff time for preparation, team meetings, and professional development in addition to the time they spend delivering the programs to participants.

Toronto Neighbourhood Centres (TNC), an association of 32 multi-service neighbourhoods in Toronto, has developed a tool called the “Decent Work Charter.” The document they collaborated on outlines aspirational commitments that organizations and Boards can make, as well as some practical actions that can be taken independently and in partnership with NFP networks and organizations.

Developing a decent work vision that works for your individual organization is a great place to start the conversation – make decent work work for you. This process can be open to all who are interested, and include contributions from staff at all levels, members of the Executive Team, union representatives, funders and donors, and should include members of the Board.

2] Start the conversation

At the heart of decent work is leadership. Leaders have the opportunity to voice their support for decent work initiatives in their organizations and to lead the movement from within. This can happen among staff in a collaborative organizational environment, and at the management and board level of an NFP.

Decent work emerges when there is a willingness to embrace a shift in paradigm and to see the direct ties between decent work, organizational effectiveness, and its ability to drive greater impact.

In the interviews with Alexandra and Bill, it was clear that both leaders felt strongly about implementing decent work in their organizations, and about continued efforts to build the movement in the sector overall. Both spoke of the importance of strengthening relationships with funders by prioritizing transparency and careful planning, collaborating with their Boards to ensure support throughout the process, and considering the well-being of their employees at all stages of strategic development.

3] Design a comprehensive plan

Details matter because funders often have their own criteria to answer to and are also being held accountable for their decisions. A business plan outlining the resources needed to move forward on decent work defines and can justify the “ask” while ensuring fiscal transparency. A plan can outline how decent work investments will improve an organization’s ability to retain staff, grow the business, and how it will drive long-term efficiencies.

The Ottawa Art Gallery (OAG), which has been recently undergoing a significant expansion, recognized it needed to remain competitive and to nurture a supportive and creative environment. The executive director led the development of a five-year business plan seeking stakeholder engagement and buy-in. They undertook analysis of salary surveys and integrated competitive wages into their five-year budget plan. They made a commitment to move away from contract positions and got support from their boards and funders. Their efforts were costed out and phased into the five-year budget plan.

The OAG used this plan to seek support and were approved for funding. Without this due diligence and planning, it is unlikely that the investments would have been approved.

“If we didn’t set a goal, there was a risk we might actually go backwards”

Bill Sinclair of St. Stephen’s Community House

4] Make investments in decent work non-discretionary in the budget

Moving forward on decent work requires a philosophical commitment to the cause and adopting the ethos of an organization that conceptualizes employee well-being as a right rather than an optional gift.

St. Stephen’s had set a long-term goal of increasing their professional development budget to a fixed per cent of the payroll budget. The organization was going through a period of rapid growth, which meant that gross dollar amount of the fixed per cent share was also growing. “If we didn’t set a goal, there was a risk we might actually go backwards,” said Bill Sinclair of St. Stephen’s’ efforts.

Setting specific goals, while simple, is one of the most important steps an organization can take toward implementing decent work practices. Quantifiable and trackable goals create benchmarks to which Executive Directors, Board members, and funders can be accountable. Agreed upon goals and targets, established with the buy-in and support of Board members, can also act as safeguards for decent work practices. They can be touchpoints for communications with external or institutional funders, and Board members about prioritizing decent work practices.

Taking the “discretionary” out of decent work and instead embedding it into existing budget processes, strategic plans, and evaluation frameworks is key to sustainable implementation of decent work. It could become the norm in the sector that funders simply accept as standard practice.

5] Paying for it

Organizations, in partnership with funders and their boards, can work toward a more sustainable funding model that includes the maintenance of reserve funds (for capital asset replacement or expansion; debt repayment; severance liabilities, continuity of operations, etc.). A reserve fund can provide the peace of mind that they are covered for a ‘rainy day’ enabling them to have greater confidence in budgeting for decent work elements (from other line items in the budget) such as more permanent, full-time positions.

St. Stephen’s maintains an unrestricted reserve fund that they have been contributing to over the course of many years. This reserve gives the organization the confidence to hire staff on a permanent basis (rather than on contract) and cover potential future severance liabilities that are otherwise ineligible or unavailable in most government funding models. For St. Stephen’s, their reserve funds are collected primarily from program fees.

A Note on Reserves

While having a reserve fund or surplus is considered a fiscally responsible practice, having too much could put an organization at risk with the Canada Revenue Agency. Factors such as size, organizational needs and circumstances should be considered when determining the appropriate reserve levels for organizations. Having a developed policy that takes into consideration the specific operations of the organization that is linked to a strategic plan would mitigate that and is recommended.¹ Accounting professionals can provide assistance to management on this issue.

¹ Marilyn De Mara. 2012. *Not-for-profit reserve levels – How much should they be?* KPMG LLP. Accessed October 5, 2016. <https://www.kpmg.com/ca/en/industry/publicsector/documents/notforprofit.pdf>

Another funding initiative to consider is allocating a pre-determined percentage of each grant or funding contract specifically to spend on investments in decent work elements. To be effective, this will need to be a collaborative effort between NFPs and funders. A similar practice is being used in the United Kingdom where five to ten per cent of grant is designated to fund impact measurement for organizations. We see this practice as transferable to NFP decent work practices. What is useful to draw from this practice is the deliberate framing of funds explicitly dedicated to decent work rather than something loosely defined as “overhead” or administrative costs. From a funders’ perspective, this nuance may be the difference.

6] The tortoise vs the hare

Adopting a longer term, incremental approach to implementing decent work goals at the organizational level is important because it demonstrates to funders and stakeholders that it takes time to move a budget line – and that moving quickly on some elements of decent work can be very difficult for both organization and funders.

Some initiatives, by nature of their form, can be implemented right away, while others can take years. Building reasonable timelines into goals, budgets, and strategic plans is a way of ensuring continued progress on decent work even though achieving the final result is not immediately reached. Organizations and funders have many needs that are often competing – building timelines for those needs is a way of ensuring incremental change can remain on track.

Making explicit these timelines will ensure Board members, funders, staff, and stakeholders can track year-to-year progress on long-term goals, and temper expectations about what can happen quickly and what cannot.

A path to decent work

These promising practices can be a starting point for discussion about the kinds of decent work practices and approaches NFP organizations can pursue as individual workplaces, and in concert with other stakeholders to generate decent work in our society.

