

# Shaping the Future

## Leadership in Ontario's Nonprofit Labour Force

### SUMMARY OF FINDINGS

#### ONN HUMAN CAPITAL RENEWAL STRATEGY: PHASE ONE

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ONTARIO NONPROFIT NETWORK

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# Foreword

## Why Data, Why Now, What Next?

With the first phase of ONN's "Human Capital Renewal Strategy" complete, this summary report highlights key findings from new survey research.

It lays the groundwork for strengthening and expanding made-in-Ontario strategies to renew our people - the foundation of passion, creativity and skills that sustain our sector's dynamic and effective contributions to community well-being.

ONN began this initiative after hearing from many nonprofits that their capacity to deliver on their public benefit mandates could be more effectively sustained if we had sector-level supports for organizations to creatively and effectively respond to pressing demands.

The nonprofit labour market is a major force for Ontario's social and economic development. Yet sector specific research and comprehensive databases are largely unavailable, posing a barrier to meaningful human resource planning and development for our sector.

Mowat NFP, our research partner for this first phase of work, and author of this report, has done an extraordinary job in gathering and analysing new data that will help to clarify and focus our efforts. While more extensive research is needed on the labour-market challenges and conditions in our sector, we have helpful information to inform immediate actions.

In the next phase of this work, ONN will continue to broaden our engagement with sector leaders and stakeholders to generate pilots for new human capital renewal initiatives, and to highlight and propagate existing initiatives that are having a positive impact. This will include our province's local training boards, social planning councils, regional nonprofit networks, university and college programs, sector unions, and our many sub-sector associations providing skills training, leadership development, and HR capacity building.

Thank you to Mowat NFP and our passionate volunteers on the Partners' Advisory Council who helped guide and sustain these efforts. With thanks to the Ministry of Training, Colleges and Universities, this Employment Ontario project is funded by the Ontario Government.

We invite you to be part of shaping and implementing our sector's next steps on this dynamic and critical journey.



Robin Howarth

# Setting the context

Leveraging human capital is a challenge across all sectors, and has been identified as a strategic priority by and for the nonprofit sector. The ability of the sector to attract and retain the right talent, develop effective leadership, provide relevant training and skills development, and offer competitive benefits and compensation will be critical in determining the future vibrancy and sustainability of the nonprofit sector in Ontario.<sup>1</sup>

In order to begin the process of developing a human capital strategy for the nonprofit sector in Ontario, there is a need for data that captures the baseline of experiences and challenges faced by leaders and their organizations. Are organizations growing? Are they able to attract the people with the competencies they need? Who are the current nonprofit sector leaders? What has been their experience? Is there a disconnect between their vision of leadership and their ability to deliver on it? How are the next generations of nonprofit leaders being identified and developed? What are the leadership skills that are needed today and in the future? This report focuses largely on leadership because the sector is facing a “leadership gap” on three dimensions: an impending demographic exodus; a disconnect between the visions of leadership and the reality of leading organizations in this sector; and the rapidly changing competencies that are needed to navigate and lead in a complex landscape.

In May 2013, over 800 nonprofit sector leaders from across Ontario responded to an invitation to complete the *Looking Ahead Leadership Survey* that probed these questions. In July 2013, focus groups with forty senior leaders (executive directors and senior directors/managers) were held across the province (London, Sudbury, Ottawa and Toronto) to make sense of the data from the survey and to delve more deeply into three key issues: the leadership role in the sector, where future leadership will come from, and diversity in nonprofit organizations

This summary of findings highlights five key themes that emerged from the data collected:

- 1 Competing to find and keep talent
- 2 Rethinking the current model of leadership
- 3 Leadership skills and competencies
- 4 Where future leadership will come from
- 5 Diversity in the nonprofit sector

These themes are connected and sometimes overlapping. They are stories of change, growth and opportunity for the sector. For sector and community leaders, funders, policy makers, training and educational institutions, and other stakeholders, these findings will support the development of priorities and strategies that will contribute to a healthy and vibrant sector that continues to add value and impact across the province.

At the end of each section, strategic opportunities are identified to help inform the development of ideas and strategies for Phase 2. The ONN will look for additional input from sector leaders to help shape a broad range of ideas for strategy development.

This is a summary of the complete findings of the Phase One Human Capital Renewal Strategy research. The summary will be available at [www.theonn.ca](http://www.theonn.ca) in October 2013.

<sup>1</sup> A fuller discussion of the framework for the human capital renewal strategy is available on-line at <http://mowatcentre.ca/pdfs/mowatResearch/82.pdf>  
[Elizabeth McIsaac, Stella Park and Lynne Toupin (2013) “Human Capital Renewal in the Nonprofit Sector: Framing the Strategy” Mowat Centre: University of Toronto].

# Theme 1

## Competing to Find and Keep Talent

Finding and keeping the right people and skills is an essential part of building an effective organization. Being able to attract talent is about being competitive in the broader labour market. This is a challenge for the nonprofit sector, particularly at a time of increasing demand for services, and anticipated growth.

### What are the challenges?

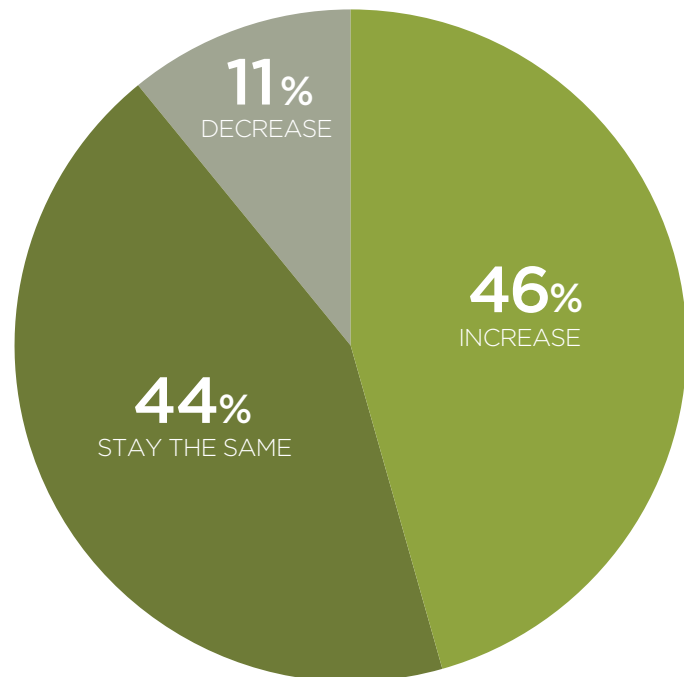
Two-thirds of nonprofit organizations in Ontario were facing at least one recruitment or retention challenge. Key challenges identified for both recruitment and retention included non-competitive wages and lack of career mobility/paths.

In both key informant interviews and focus groups, it was widely accepted that mission and connection to personal values was a key driver in attracting new employees. But there is real concern about burnout, health issues and movement away from the sector that result from staff being overworked and underpaid.

“We live in that cycle of ‘recruitment, training and losing workers’... financially we are unable to compete with large organizations.”

FOCUS GROUP PARTICIPANT  
-ARTS AND CULTURE

EXPECTED CHANGE IN SIZE OF STAFF IN THE NEXT 3 YEARS

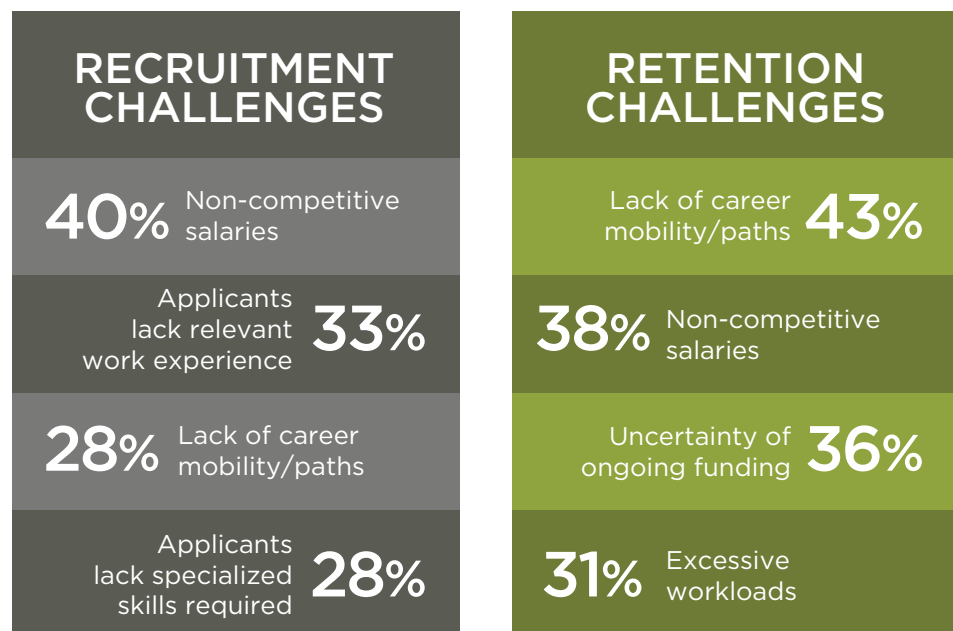


NUMBER OF RESPONDENTS: 790

“The most important thing for our sector is to make the NFP sector attractive, making it a career option for new blood coming out of university.”

FOCUS GROUP PARTICIPANT-ARTS AND CULTURE

#### TOP FOUR RECRUITMENT AND RETENTION CHALLENGES IDENTIFIED:



#### Strategic opportunities for the sector

- Develop a value proposition(s) for employment in the nonprofit sector; one that taps into the mission of the sector, and promises the opportunity to create, innovate and have impact
- Increase the predictability and adequacy of resources / funding
- Explore how to create and deliver more career paths that clearly offer opportunity and growth
- Research the skills mismatch, including better job profiles

## Theme 2

### Rethinking the Current Model of Leadership

Leadership in the nonprofit sector is multidimensional and the experience of leaders is not uniform. Their experiences are shaped by a variety of factors such as the subsector (i.e. Arts and Culture, Human and Social Services etc.) in which they work and the size of the organization and its geographic location. Executive Directors (EDs)/Chief Executive Officers (CEOs) juggle the dual roles of both management and leadership, and take on a wide range of activities. When asked who within their organization held primary responsibility for a series of management functions, the weight of responsibility on EDs/CEOs appeared considerable.

PERCENTAGE OF EDS/CEOS WHO HOLD PRIMARY RESPONSIBILITY FOR:



NUMBER OF RESPONDENTS: 810

“It’s such a fine balancing act. In small organizations you are the ED, the public relations, the human resources, the IT department. One day I was using my computer and the message pops up that there’s a problem and it says, ‘check with your IT administrator’ and I’m like, ‘Oh, that’s me!’”

FOCUS GROUP PARTICIPANT-COMMUNITY DEVELOPMENT

Although there is a long history of multiple management functions resting with EDs/CEOs in the sector, their experience varies by the size of organization. The reality, especially for small and medium sized organizations, is that the role as it is currently cast is untenable and disconnects these leaders from their vision of leadership, particularly in the context of emerging pressures for change, and for some, an increasing context of uncertainty.

Leaders know what they need to be doing. They have a strong vision of leadership but there are many factors that impact their capacity to deliver on that vision. These factors can be active constraints or enablers and include the board of directors, funding and resources, staff, skills and experience, and access to mentors and networks of peers.

“The current environment is forcing us to be less... we are overwhelmed with the amount of reporting, on top of that, the funders need demonstration. Funders want money to go directly to the programs but they are forgetting that we need to have an apparatus to do that. We are constantly reacting and responding... we are losing the battle of leadership.”

FOCUS GROUP PARTICIPANT-  
HUMAN AND SOCIAL SERVICES

## Strategic opportunities for the sector

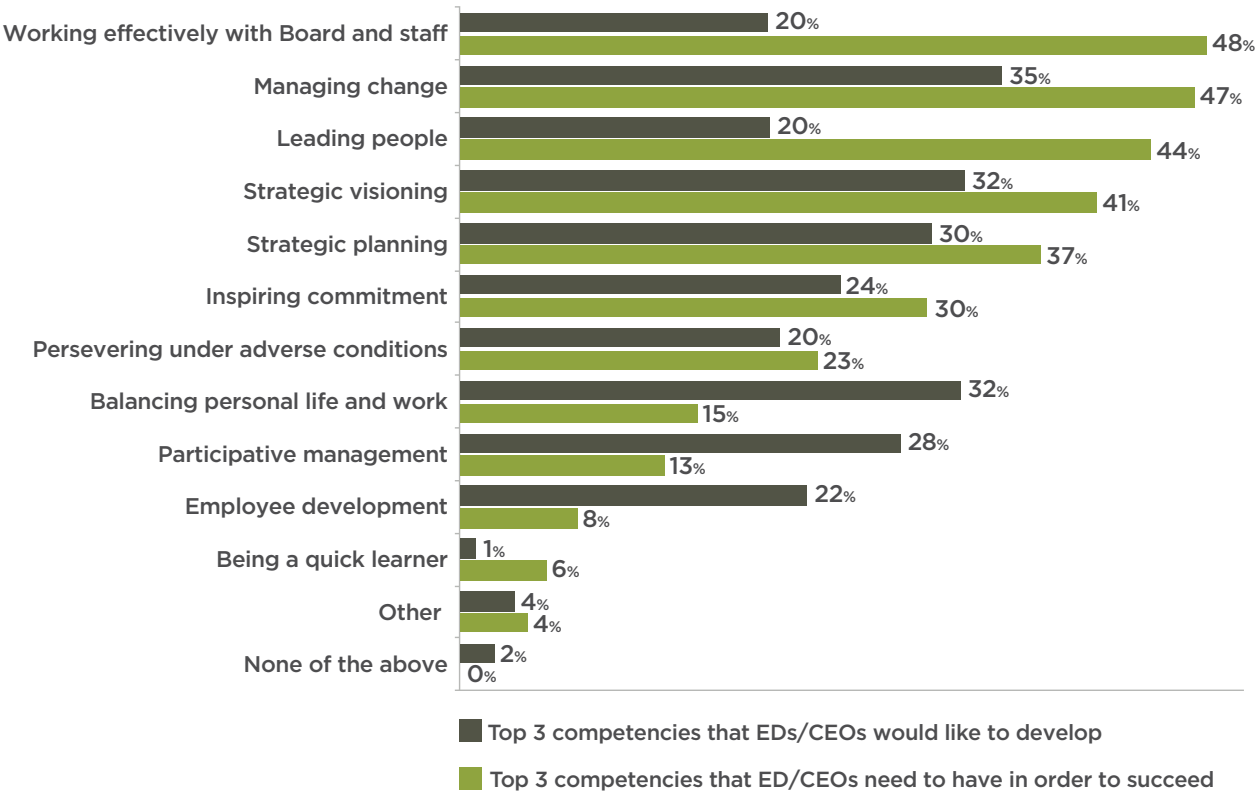
- Explore opportunities to restructure the role of ED/CEO  
(i.e. shared services, shared leadership)
- Support boards to be more effective partners in leadership
- Engage funders to be partners in strengthening the structures that support organizations and their leaders

# Theme 3

## Leadership Skills and Competencies

EDs/CEOs of nonprofits are expected to both manage and lead. They make sure that the organization runs smoothly and fulfills its mission. There are a wide range of functional skill areas that leaders identified as areas they would like to develop including human resource management, fundraising, collaboration and partnerships, and engaging community stakeholders, among others.

COMPETENCIES NEEDED TO SUCCEED AS AN ED/CEO



NUMBER OF RESPONDENTS: 757

“Everyone knows we do the good work, but now we’re being asked by the government to have a ‘metric’ on it... if you want to be a leader of the future, you have to be entrepreneurial. Your consumer base will demand it and your funder will demand it – and this means a difference in the leadership qualities that’s expected.”

FOCUS GROUP PARTICIPANT-HOUSING



“The formal leadership training provided by learning institutions draw on the private sector model; they don’t adequately reflect the multiple requirements and competencies required for leading in the non-profit sector.”

FOCUS GROUP PARTICIPANT-HUMAN AND SOCIAL SERVICES

Leadership competencies are the broader combination of knowledge, skills and personal attributes for the senior paid position in any organization. Leaders acknowledge that many of these competencies are needed to be fully proficient in their roles and that further development is required.

As the environment in which nonprofit organizations operate changes, there are new demands and drivers that are impacting the skills needed to provide effective leadership. The majority of respondents identified measuring/demonstrating outcomes, social entrepreneurship/earned income, and leveraging technology as emerging priorities and areas for skill investment for their organization. These are skills the organization needs, but that do not necessarily have to be held by the most senior leader.

## Leadership Development

The top three leadership development activities undertaken by senior leaders in the sector are:

<b>78%</b>	Workshops, conferences and webinars
<b>58%</b>	Peer networks
<b>46%</b>	Active participation in professional associations
Fewer than 10% of senior leaders have participated in a nonprofit or business management certificate or degree.	

## Strategic opportunities for the sector

- Create leadership development and training opportunities designed for the nonprofit leader of the future
- Develop job profiles with corresponding competencies for leadership in the sector

# Theme 4

## Where will future leadership come from?

A human capital strategy for the nonprofit sector must consider where future leaders will come from, both those who are ready for leadership today, and those who are looking to the sector for a career path. The overall story of the leadership trajectory in the nonprofit sector in Ontario is largely internal to the sector, often across organizations, and not with graduated stepping stones. It’s a story of accidental career paths, filled with steep learning curves and developmental challenges. When asked about their motivation to work in the nonprofit sector, 79% of senior leaders in the sector indicated that they wanted to do work that made a positive difference to society, and 61% indicated that they wanted to have the ability to work for a cause that they cared about.

### Today’s leaders

72%	Are women
68%	Are between 45 and 64 years of age
73%	Have a Bachelor of Arts or more (30% have a professional degree, Master’s or PhD)
79%	Are making less than \$100,000/yr

The leadership gap: 60% plan to leave their current role within the next 5 years

### Is there a pipeline?

66%	Organizations that do not have a succession plan
63%	Organizations that identify high performers
55%	Nonprofit sector management hires in the last year came from within the nonprofit sector
44%	Organizations have lost high performing employees because of a lack of leadership opportunities

High performing employees are employees that outperform in their roles and have the potential to develop as leaders. These employees are often the pipeline to future leadership and are an important focus for retention and development.

## But do they want the job?

The role of ED/CEO may not always be attractive to emerging leaders.

**Of the 48% of organizations that have a staff/board member who would be qualified to take on the role if the current ED/CEO left, 27% would not be interested in taking the job.**

When asked, “Why not?” responses painted a vivid picture of stress, overwork, burdensome administration, and under-compensation.

## Investing in leadership development

While compensation and job security are important in retaining high performers, providing a career path and opportunities for individuals to develop their leadership skills is critical. The three most common activities offered by organizations to high performing employees to encourage leadership development were: attendance at conferences/other sector events; stretch assignments; and paid time off to attend training/professional development activities. In a sector increasingly under financial strain, it is not surprising that the most common activities offered are also the more economic options. In fact, when asked about the challenges organizations face in developing high performing employees, lack of resources was the most common reason given.

## Strategic opportunities for the sector

- Identify incentives and structures that will attract new leaders
- Create career paths that will support the development of a leadership pipeline across the sector
- Rethink existing leadership models and how leadership can be redefined

“I worry about that group of people moving to other sectors... so when we think about future leadership and competencies, we will have trouble attracting them because of what we have to offer.”

FOCUS GROUP PARTICIPANT—COMMUNITY DEVELOPMENT

# Theme 5

## Diversity

As a key demographic trend in Canada, immigration is widely held as a positive response to potential labour shortages in the near and long-term. The role of immigration in labour market growth in Ontario is an accepted fact, and leveraging immigrant talent is a critical element of human capital strategies in all sectors. But it is not just about labour and skills shortages. Including immigrant talent and leveraging diversity more broadly offers important returns to workplaces and communities by enriching creativity, supporting innovation and building resilience.

### Who’s leading the sector?

Although Ontario is the most diverse and immigrant-rich province in Canada, the nonprofit sector is not effectively leveraging immigrants and diversity in leadership positions.

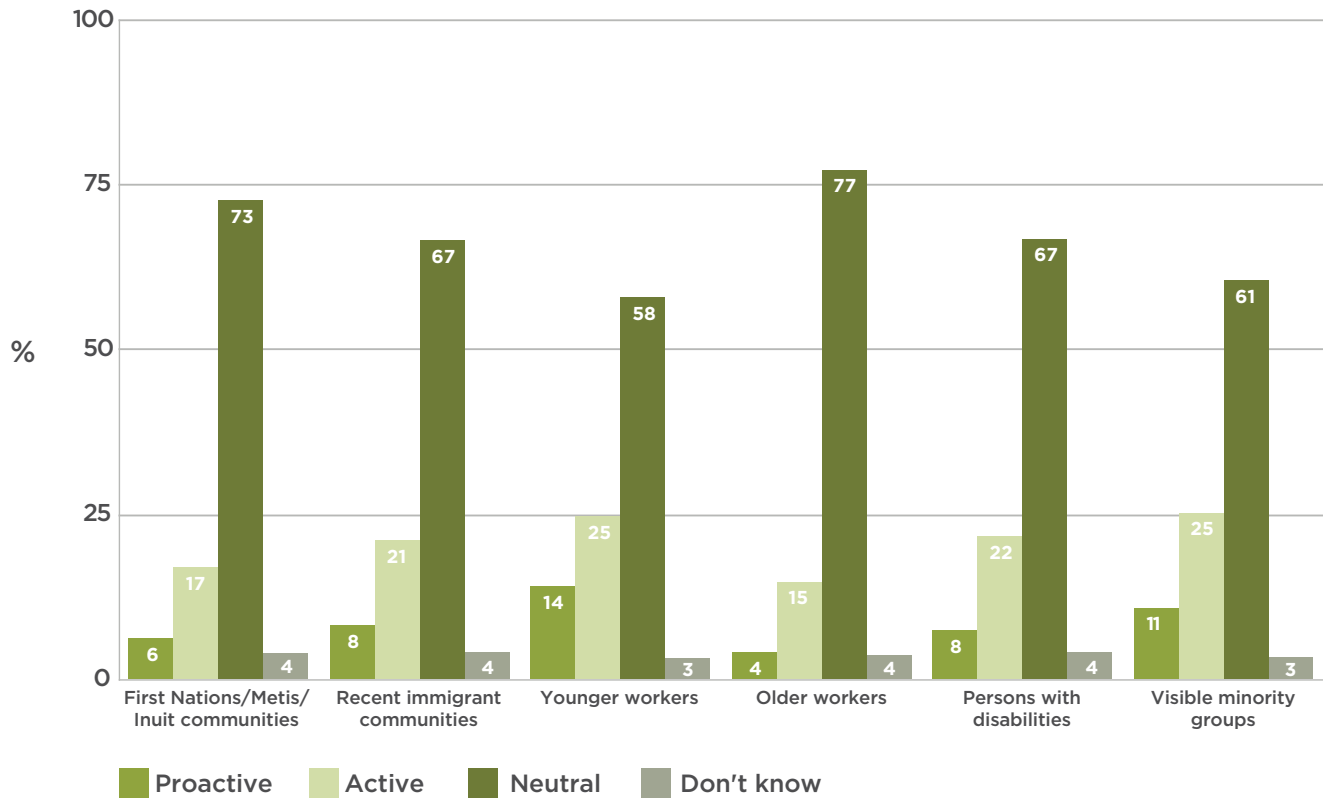
	CENSUS 2011 (ONTARIO)	LOOKING AHEAD LEADERSHIP SURVEY RESENDENTS
White	74%	87%
Visible Minority	26%	13%
Canadian-born	70%	80%
Immigrant	30% <sup>1</sup>	20%

### Is diversity a priority?

A critical indicator of how important diversity is to an organization is the extent to which the commitment is expressed through policy and action. The survey probed this commitment as it relates to recruitment efforts. Size of community and size of organization are both important factors in the results, as both organizational capacity and community representation impact the ability to achieve outcomes. However, overall, a minority of nonprofit organizations in Ontario identify recruitment of paid employees from diverse groups to be an organizational priority.

<sup>1</sup> Includes 1% that are non-permanent residents

## HOW ACTIVE IS YOUR ORGANIZATION IN RECRUITING PAID EMPLOYEES FROM THE FOLLOWING POPULATIONS?



Proactive was defined as having deliberate strategies in place, while active was defined as having policies and expressions of commitment in their organization.

NUMBER OF RESPONDENTS: 810

### Strategic opportunities for the sector

- Move from value statements about diversity in the workplace to strategic priorities and organizational policies
- Create tools (like recognizing transferable skills), to support inclusive hiring
- Build awareness and deepen the understanding of diversity in the workplace; how to do it, why it matters, and what difference it makes

“I think in our sector, people know it [the diversity challenge], but we struggle with how to apply it.”

FOCUS GROUP PARTICIPANT-COMMUNITY DEVELOPMENT

**This report provides highlights of the research undertaken. A more detailed analysis will be available in the full report, available in October 2013 at [www.theonn.ca](http://www.theonn.ca).**

**These findings represent a wide range of opportunities for the nonprofit sector in Ontario. As the ONN moves into Phase 2 of its human capital renewal strategy, this presents an exciting opportunity for sector leaders to help shape the future and work together on building the strategy.**

## About The Ontario Nonprofit Network (ONN)

ONN is the convening network for the 46,000+ nonprofit organizations across Ontario. ONN leads, engages and advocates with the nonprofit sector, its organizations, communities and people, to support a vibrant, resilient Ontario.

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## About Mowat NFP

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 through which to examine the challenges facing today's sector and to support its future direction.

## About the Mowat Centre

The Mowat Centre is an independent public policy research centre located at the School of Public Policy & Governance at the University of Toronto. The Mowat Centre is Ontario's non-partisan, evidence-based voice on public policy. It undertakes collaborative applied policy research, proposes innovative research-driven recommendations, and engages in public dialogue on Canada's most important national issues.

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