



# BRIDGING THE GAP:

How compensation practices  
can reduce the gender wage gap  
in Ontario nonprofits

## ABOUT ONN

ONN is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy and services to strengthen Ontario's nonprofit sector as a key pillar of our society and economy.

ONN works to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.

## VISION

A strong and resilient nonprofit sector. Thriving communities. A dynamic province.

## MISSION

To engage, advocate, and lead with – and for – nonprofit and charitable organizations that work for the public benefit in Ontario.

## VALUES

**Courage** to take risks and do things differently

**Diversity** of perspectives, creativity and expertise to get stuff done

**Optimism** and **determination**

**Solutions** created by the sector, with the sector, for the sector

**Celebrating** our success and learning from our experiences

**Strength** that comes from working together

## THANK YOU

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## Disclaimer

*This guide is provided as an information service by the ONN and is distributed with the understanding that it should not be used as, or considered to be legal advice. The content is intended for general information purposes only and in no circumstances can be relied upon for legal decision making. Please consult a legal professional if you have questions about laws or regulations that apply to your organization.*

# It is possible to have equitable compensation practices in nonprofit organizations

Ontario’s nonprofit organizations are diverse in every sense of the word: missions, reach, organization size, budgets, and unionization rates. What most have in common is their reliance, to some extent, on time-limited and restricted funding. As a result, organizations with paid staff are at different points in developing, implementing, and reviewing their compensation practices.

The aim of this guide is to assist senior leaders and boards of directors in thinking about what compensation practices they have or don’t have in their organizations, and what they can do to ensure women, especially immigrant, racialized, and Indigenous women, women with disabilities, and women who are

part of the LGBTQ2S community, earn fair wages. It also aims to provide women workers in the sector more information to inform their compensation self-advocacy.

It does not tell organizations how much to pay staff nor does it delve into elements of decent work that impact fair wages (such as, precarious work). It focuses solely on compensation practices.

With this guide, ONN hopes to promote a fair standard of compensation practices that reduce the gender wage gap across the nonprofit sector.



# THE ISSUE

The Ontario Nonprofit Network (ONN) has learned through its decent work for women research that women<sup>1</sup> workers in Ontario's nonprofit sector experience a gender wage gap. A key way to reduce the gender wage gap is for organizations to use equitable compensation practices that address systemic barriers women, especially marginalized women, face in compensation.

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<sup>1</sup> ONN uses an inclusive definition of women that recognizes and includes trans women, queer women and nonbinary people.

# The gender wage gap exists in nonprofits

ONN's research on decent work for women in Ontario nonprofits identified that a gender wage gap exists for women workers in the sector.<sup>2</sup> We confirmed three aspects of this gap:

1

A phenomenon known as the **"care penalty,"** where wages in the sector are lower in comparison to other sectors because of the traditional association between "care work" and "women's work". **This is despite the fact that the nonprofit workforce is highly educated, experienced, and performs a wide range of types of work.** 2017 Statistics Canada data reveals that the average compensation in nonprofits was \$42,500, while average compensation for the entire economy was approximately \$59,800.<sup>3</sup>

2

**Within the sector, women have lower compensation than men** (which consists of both wages/salary and benefits). In ONN's survey of 645 Ontario nonprofit workers, **racialized, immigrant, and Indigenous women, and women with disabilities reported experiencing the gender wage gap more commonly,** as did senior leaders compared to middle managers and front-line/non-management positions. The *2019 Canadian Nonprofit Sector Salary and Benefits Study* by Charity Village report highlights that the gender wage gap between men and women is the greatest at the senior leadership level (17%), where men reported an average salary of \$100,733 and women \$85,760.<sup>4</sup>

3

**Limited access to a pension plan, health benefits, and maternity and parental benefits top-ups** together lower women's overall total compensation over the course of their life cycle.

The gender wage gap in the nonprofit sector is a result of various factors. Some of these are unique to the sector, and some are ones that exist in the broader labour market. For example, the "care penalty" means the sector's work is devalued and consequently lower paid, which is in part due to the fact that it is a woman-majority sector. An estimated 80 percent of workers in nonprofits across Ontario and Canada are women. This is particularly harmful for women's organizations and organizations

that serve marginalized women as they are the lowest funded and have the lowest wages in the sector, which further fuels the notion that they are "risky" organizations to invest in.<sup>5</sup>

On the other hand, just as in the broader labour market and other sectors, unequal gendered negotiating patterns, lack of pay transparency, and discrimination based on different facets of a woman's identity further impact the gap.

<sup>2</sup> The Ontario Nonprofit Network "Decent Work for Women – A literature review of women working in Ontario's nonprofit sector"; The Ontario Nonprofit Network "Women's Voices - Stories about working in Ontario's Nonprofit Sector"

<sup>3</sup> Statistics Canada "Non-profit institutions and volunteering: Economic contribution 2007 to 2017" p. 4

<sup>4</sup> Charity Village "Nonprofit Sector Salary and Benefits Report" p. 29-30

<sup>5</sup> Brittany Lambert and Kate McInturff "Making Women Count" p. 20; Katherine Scott "Taking Stock of the Government's Feminist Policy Agenda: Where to next?"; Centre for Research in Advancement of Women "Funding for Women's Organizations" p.1

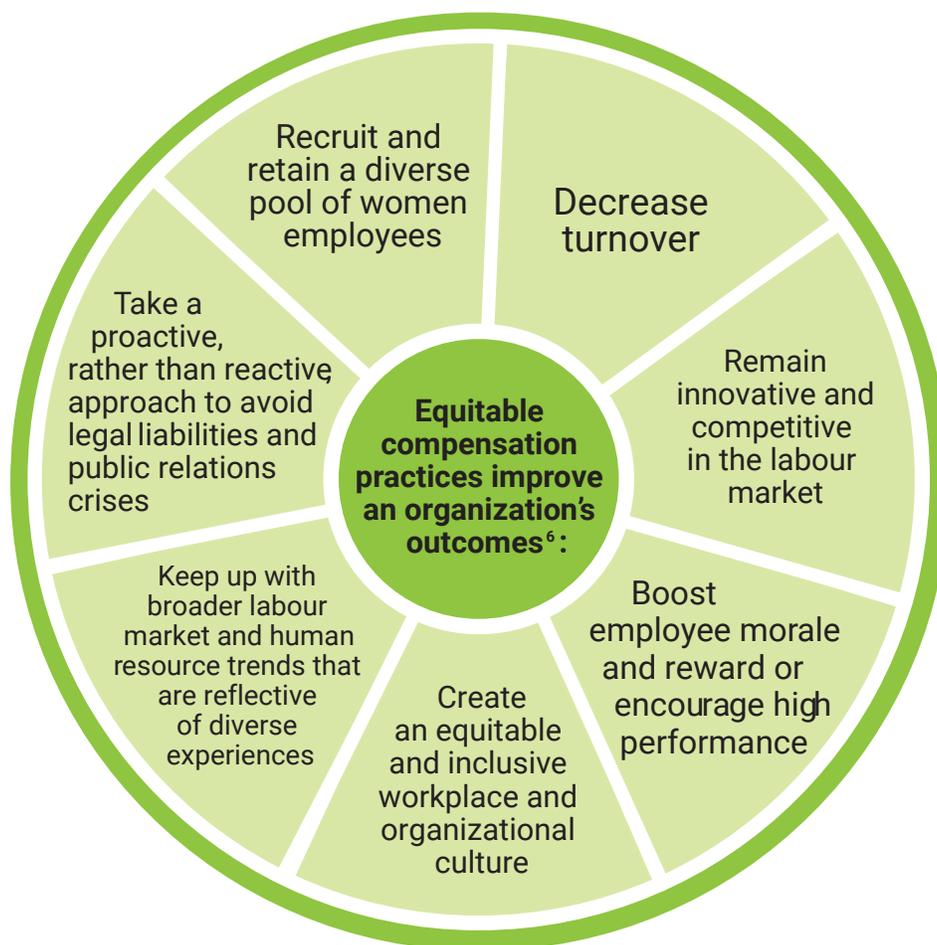
# Decent work for women means equitable compensation practices

Fair wages are a significant element of decent work: work that is fair, productive, and stable. The nonprofit sector's greatest resources are its employees, and when they are offered decent work, they excel. In turn, organizations are better able to meet their missions and contribute to thriving communities.

While it is important to focus on broader labour market levers that impact both the gender wage gap and women's participation in the labour force (including childcare, harassment, and violence against women), another critical

intervention point is paying particular attention to compensation practices of organizations. Sound practices that are regularly reviewed can close the gender wage gap over time.

Compensation practices are often not as neutral as we think. Rather, they can be steeped in gender, race, class, and ability biases (to name a few) and negative stereotypes. This can cause adverse impacts on different groups of women and render their work invisible or devalued. A lack of compensation practices can also contribute to inequities.



<sup>6</sup> See for example: Council of Nonprofits "[The gender pay gap is a sleeper threat to nonprofit effectiveness and sustainability](#)"; Human Resources Professionals Association "[Closing the Gender Wage Gap: A Review and Recommendations by the Human Resources Professionals Association \(HRPA\)](#)"; Resource Management INC "[Improve Your Bottom Line by Minimizing Employee Turnover](#)"

**An organization with  
equitable compensation practices  
is socially responsible  
because it:**

**Provides fair wages  
to women,** which is  
the right thing to do

**Contributes to  
shrinking the  
gender wage gap**  
and consequently  
to a more stable  
retirement for  
women

**Raises the floor  
for everyone** while  
having the greatest  
impact on the most  
marginalized  
workers

**Activates  
organizational  
values and  
principles**

# What's required by law in Ontario

While there are a number of labour laws<sup>7</sup> that apply to Ontario nonprofit employers, some particularly impact women's compensation. The *Employment Standards Act, 2000* regulates equal pay for equal work on the basis of gender alongside broader aspects of compensation, such as payment of wages, overtime pay, and minimum wage. The *Pay Equity Act* regulates equal pay for work of equal value,<sup>8</sup> and the *Pay Transparency Act, 2018* regulates transparency and reporting of compensation based on gender. Both of the latter Acts were developed to specifically combat gender discrimination.

Legislation	Purpose	Employers covered/not covered
<b>Employment Standards Act, 2000</b>	The purpose of this Act is to provide the minimum standards for most employees working in Ontario. It sets out the rights and responsibilities of employees and employers in most Ontario workplaces.	Most employees and employers in Ontario are covered by this act. A complete list of who is <b>not</b> covered can be found <a href="#">here</a> <sup>9</sup> .
<b>Pay Equity Act</b>	The purpose of this Act is to redress systemic gender discrimination in compensation for work performed by employees in predominantly female job classes.	This Act applies to all employers (and their employees) in the private sector in Ontario which employ ten or more employees, and all employers (and employees) in the public sector. Nonprofits can determine if the Act applies to them by reviewing the Appendix in the <a href="#">Schedule</a> <sup>10</sup> to the Act, where organizations that are considered part of the "public sector" are listed. Some examples include daycare or childcare agencies and nursing homes, legal aid clinics, long-term care facilities, Native friendship centres, community health services, residential care facilities, developmental and rehabilitation services, and sexual assault centres.
<b>Pay Transparency Act, 2018</b> <sup>11</sup>	The purpose of this Act is to promote gender equality and equal opportunity in employment and in the workplace, including equality of compensation between women and men, through increased transparency of pay and workforce composition.	Once the Act is in force, pay transparency reports would need to be submitted by employers with more than 250 employees in 2020, and for employers with more than 100 but fewer than 250 employees in 2021. All other aspects of the Act apply to most employers and employees, as covered under the <i>Employment Standards Act, 2000</i> .

<sup>7</sup> Other provincial and federal legislation governs issues such as workplace health and safety, human rights and labour relations. Related Ontario laws include the *Occupational Health and Safety Act*, the *Workplace Safety and Insurance Act, 1997*, the *Labour Relations Act, 1995*, and the *Human Rights Code*.

<sup>8</sup> Pay for "female job classes" (jobs usually done by women, where 60 percent or more of the people in the position are women) is comparable to pay for "male job classes" (jobs usually done by men, where 70 percent or more of the people in the position are male) when the work is different in content, involving distinct responsibilities, requiring specific skills or qualifications, and is performed under different conditions, but is of equal value overall. Pay equity is not about comparing people in jobs, but the jobs themselves; regardless of who is in the position, the pay is according to the comparative value of the job.

<sup>9</sup> Government of Ontario "Your guide to the *Employment Standards Act*"

<sup>10</sup> Government of Ontario "[Pay Equity Act](#)"

<sup>11</sup> Delayed by Ontario government until further notice.

# Three steps to implementing equitable compensation practices

Through reviewing a broad and current range of research, ONN has identified compensation practices that particularly impact women workers. If implemented in an equitable manner, these practices can help reduce the gender wage gap.

The practices are divided based on three steps. Each step includes descriptions of

practices, how and why they impact women and particularly marginalized women workers, and the ways in which both employers and employees can implement the practices.

Dividing it in this way accounts for different stages various sized organizations are at in developing, implementing and reviewing their compensation practices.



## Equitable compensation practices are:

- Evidence-based
- Understandable and manageable
- Take into account the most marginalized workers
- Flexible
- Documented
- Transparent
- Regularly reviewed

# Step 1: Setting Up

Practices	It's needed	It's possible
 <p><b>Job descriptions and evaluation:</b> Evaluation of roles in an organization based on skill, effort, responsibility, and working conditions.</p>	<p><b>CONTEXT</b></p> <p>Without job descriptions and job evaluations there can be misalignment between what people are doing and how much they are getting paid. For example, “extra” work that is taken on by different groups of women may not be accounted for.</p> <p>The way in which a job is described and evaluated can be discriminatory. In turn, particular attention needs to be paid to: if job descriptions and evaluation factors discriminate against different women; if factors that are important for jobs traditionally held by women are being ignored or devalued; or whether certain parts of the job description are actual requirements of a job (for example, the ability to lift can be discriminatory to women with disabilities).</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"><li>✓ Watch for the language being used to describe jobs, how many responsibilities and tasks are being assigned, how job titles connect to job descriptions, and if there are any biases in this process.</li><li>✓ Compare job descriptions and job evaluations across a few similarly-sized organizations.</li><li>✓ Set up a job evaluation committee consisting of senior leaders, managers, front-line, and (if applicable) union representatives.</li><li>✓ Incorporate pay equity compliance into the organization’s evaluation system.</li><li>✓ Use existing job evaluation tools to help with evaluation.</li></ul>

In ONN’s survey of 645 Ontario nonprofit workers, **41.84 per cent of respondents** said their wages in the nonprofit workplace **somewhat reflected their job description** while **21.2 percent said not at all.**<sup>12</sup>

<sup>12</sup> The Ontario Nonprofit Network “Women’s Voices - Stories about working in Ontario’s Nonprofit Sector” p. 17

# Step 1: Setting Up

Practices	It's needed	It's possible
<p><b>Job descriptions and evaluation continued</b></p>	<p><b>CONTEXT</b></p> <p>Job descriptions and evaluations form documentation of how compensation for the position came to be so any differences are explainable.</p>	<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ Update leaders when taking on new roles and responsibilities to ensure changes are reflected in the job description and evaluation.</li> <li>✓ If possible, participate in job evaluation committees.</li> </ul>
Practices	It's needed	It's possible
 <p><b>Pay Scales/ Salary Ranges:</b> A wage scale with a minimum and maximum amount for a position.</p>	<p><b>CONTEXT</b></p> <p>Historically, traditionally “male job classes” (such as a construction worker or engineer) similar to traditionally “female job classes” (such as administrative assistant or nurse) have been valued more and thus paid more. Often the female job classes are also racialized (for example, caregivers), driving wages down even further.</p> <p>Societal attitudes and beliefs of gender, race, immigrant status, and ability can negatively influence an organization’s salary practices (“men are breadwinners and women are secondary earners”, “she’ll do the same job for less”, “accommodation for people with disabilities is costly”).</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Start by setting salaries to match job descriptions, required skills and education, and similar market-rate compensation.<sup>13</sup></li> <li>✓ Based on the salaries, create pay scales for positions. They should be flexible enough to accommodate a good variety of candidates but strong enough to mitigate internal pay inequities.</li> <li>✓ Pay scales should be reviewed and adjusted at least every two years to incorporate cost-of-living increases and organizational growth.</li> <li>✓ Ensure equal pay for part-time and full-time work.</li> </ul>

<sup>13</sup> The practice of using “market-rate” for nonprofit salaries is complex. On the one hand, if nonprofits use the market rate within the sector, they will perpetually pay employees less. On the other hand, if they use market rate within the public and for-profit sector, they run the risk of having unequal pay structures (where there is a huge difference in pay for executives and the rest of the team) or the nonprofit is unable to provide a similar salary. The goal should be a balance between a salary that will allow nonprofits to recruit and retain the best possible candidate, while also considering the position’s evaluation.

# Step 1: Setting Up

Practices	It's needed	It's possible
 <p><b>Pay Scales/ Salary Ranges continued</b></p>	<p><b>CONTEXT</b></p> <p>Women are less likely to negotiate, and are more likely to be making less at their previous job.</p> <p>Asking for a candidate's salary history or what their expected salary remuneration is and basing compensation on it can reinforce low pay women may already be receiving and perpetuate pay discrimination and the gender wage gap. It can bias the salary offer.</p> <p>A transparent pay scale provides women with the same information as other candidates to inform their salary decisions. They can also better advocate for themselves if their salary does not fall within the pay scale or is at the lower end.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Document the conditions under which the low, middle, and high end of the pay scales are offered and how someone in the job can move up.</li> <li>✓ Don't ask candidates for salary history.<sup>14</sup></li> <li>✓ Include pay scales in job postings. If your organization operates a job board, consider introducing a requirement that all job postings must include pay scales.</li> </ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ Do your research on compensation for similar positions when applying to jobs and accepting offers.</li> </ul>

“ You can see it when an ED changes from male to female, the pay scale would increase with a male or lower for a female.

**Males bring up the salary of positions.** ”<sup>15</sup>

<sup>14</sup> Compensation history is a provision in the currently delayed Pay Transparency Act, 2018 in Ontario.

<sup>15</sup> The Ontario Nonprofit Network “Women’s Voices - Stories about working in Ontario’s Nonprofit Sector” p. 38

# Step 1: Setting Up

Practices	It's needed	It's possible
 <p><b>Pay Scales/ Salary Ranges continued</b></p>	<p>Not having pay scales or having pay scales that are too broad can cause internal pay inequities for people in the same position and for people in positions doing similar work without organizations even knowing it.</p>	<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ Try to learn more about compensation practices in organizations.</li> <li>✓ Understand and document where you are in the pay scale and why.</li> <li>✓ Optional response for when asked about salary expectations: “My expectation is that the salary is commensurate with my experience, skills, and what the job entails”.</li> <li>✓ Optional responses for when asked about salary history: “What is the position’s pay scale?”, “What did the last person who did this job get paid?”, “I want to learn more about the job first, in order to have a better sense of my salary expectations.”</li> </ul>
Practices	It's needed	It's possible
 <p><b>Health and dental benefits:</b> Access to extended healthcare and dental benefits through the employer.</p>	<p><b>CONTEXT</b></p> <p>If health and dental benefits are not provided by the employer, the employee has to purchase them out of pocket. The need for and cost of benefits increases if the employee has dependents or is a single parent.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Ask your provincial association or local nonprofit network if there are any options for <u>group purchasing employee benefits</u> plans.</li> <li>✓ Provide benefits across employee statuses: full-time, part-time, permanent, contract.</li> </ul>

# Step 1: Setting Up

Practices	It's needed	It's possible
 <p data-bbox="215 1077 420 1192"><b>Health and dental benefits continued</b></p>	<p data-bbox="643 302 776 331"><b>CONTEXT</b></p> <p data-bbox="508 352 894 579">As women are more likely to be single parents and primary caregivers, lack of health and dental benefits can be burdensome and costly on an already low income.</p> <p data-bbox="508 604 878 991">Women, especially racialized, immigrant, Indigenous women, women from the LGBTQ2S community, and women with disabilities are more likely to be concentrated in part-time contract positions that are less likely to have access to benefits.</p>	<p data-bbox="1101 302 1273 331"><b>EMPLOYERS</b></p> <ul data-bbox="971 352 1406 1304" style="list-style-type: none"> <li>✓ Pay as high percentage of the costs of benefits as possible (such as, 100% of costs covered by employer) so employees are not paying significantly out of pocket.</li> <li>✓ Regularly ask staff if the current health and dental benefits are working for them to garner feedback.</li> <li>✓ Review the benefits plan annually to see if more coverage and/or diverse and/or flexible benefits can be provided within the organization's budget for a nominal increase (for example, can a health spending account be added or benefits coverage increased to 100%?).</li> <li>✓ Communicate to employees the value of health and dental benefits as part of total compensation.</li> </ul> <p data-bbox="1101 1373 1273 1402"><b>EMPLOYEES</b></p> <ul data-bbox="971 1423 1406 1745" style="list-style-type: none"> <li>✓ Provide feedback to management on what is working and what is not in the benefits plan so they are aware and can make changes if possible.</li> <li>✓ The value of health and dental benefits is incorporated into total compensation.</li> </ul>

# Step 2: Building

Practices	It's needed	It's possible
 <p><b>Pay grid:</b> Big picture of positions and their pay scales in relation to each other.</p>	<p><b>CONTEXT</b></p> <p>A pay grid can highlight salary ratios<sup>16</sup> and any discrepancies between groups of positions which helps in determining where wages need to be updated.</p> <p>A pay grid can make it easier to comply with labour legislation concerned with compensation, such as the <i>Pay Equity</i> and <i>Pay Transparency Acts</i>, because of the information it provides to employers.</p> <p>When employee demographic information is collected and mapped onto the pay grid, the grid is useful for determining which pay scales different groups of women are concentrated in and the extent to which they are concentrated in lower ranges.</p> <p>It also provides a better understanding of compensation and demographics of leadership positions in relation to others in the organization.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"><li>✓ Provide local living wages at the bottom of the pay grid to create a “higher floor” for everyone in the organization.</li><li>✓ Think through what salary ratios are reasonable between positions for the organization, especially between the highest paid and the lowest paid positions (for example, a 1:8 ratio).</li><li>✓ Since inflation erodes the value of wages, pay grids should be updated regularly to include cost-of-living increases.<sup>17</sup> We recognize that barriers arise in doing this when funding agreements don't take inflation into account.</li><li>✓ Document the conditions under which people can move up the pay grid.</li><li>✓ Be transparent about pay grids with staff.</li></ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"><li>✓ Understand and document where you are in the pay grid, why, and how you could potentially move up in it.</li></ul>

<sup>16</sup> Difference between the lowest paid and the highest paid position.

<sup>17</sup> See how Community Social Services in BC use an [Economic Stability Dividend](#).

# Step 2: Building

Practices	It's needed	It's possible
 <p><b>Negotiation:</b> Employees advocate for themselves for higher compensation that may or may not be within the prescribed pay scale for the job.</p>	<p><b>CONTEXT</b></p> <p>When there is no explicit statement that wages are negotiable, women, especially racialized, immigrant and Indigenous women, and women with disabilities are more likely to work for a lower wage rate or accept the initial salary offer. Men are more likely than women to ask for more pay and negotiate salaries and contracts.</p> <p>Men are more likely than women to ask for more pay and negotiate salaries and contracts.</p> <p>Women's requests for negotiating can be treated differently than men's requests.</p> <p>As a result, pay discrimination and the gender wage gap can continually be perpetuated.</p> <p>Negotiation in the sector occurs more often at the senior leadership level where there is a larger gender wage gap.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Start a discussion at the appropriate level (such as the board) on the organization's stance on negotiation. What may be negotiable (vacation, benefits, working from home) and what may not be (base salary)? Ensure this stance applies consistently to all hires.</li> <li>✓ Identify whether and under what circumstances the organization can deviate from pay scale parameters.</li> </ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ At times employers may not be able to provide a higher salary, but can provide competitive benefits, vacation time, sick days, and paid leave, which are part of total compensation and can be negotiated.</li> <li>✓ When accepting job offers, ask if there is room for negotiation and for what in the total compensation package.</li> </ul>

“ I knew salary was non-negotiable so I negotiated part-time work, vacation, flex hours, work from home. ”<sup>18</sup>

<sup>18</sup>The Ontario Nonprofit Network "Women's Voices - Stories about working in Ontario's Nonprofit Sector" p. 40

# Step 2: Building

Practices	It's needed	It's possible
<div data-bbox="284 730 407 884" data-label="Image"> </div> <p data-bbox="235 911 457 947"><b>Wage increases:</b></p> <p data-bbox="224 955 479 1304">Increase in an employee's salary based on either one or more of the following factors: merit/performance, seniority/years of service, and cost of living.</p>	<p data-bbox="672 302 805 331"><b>CONTEXT</b></p> <p data-bbox="537 348 938 579">Without any type of wage increases, the gender wage gap can widen as women are at the same salary level over a long period of time, rather than having a salary that grows.</p> <p data-bbox="537 604 943 993">Performance indicators and measurement can be negatively influenced by societal attitudes and beliefs on gender, race, immigrant status, and ability (for instance, women may be seen as less committed to their work after having children, or "emotional labour" may be undervalued).</p> <p data-bbox="537 1018 927 1325">Success can be measured and rewarded based on traditionally "masculine" traits (risk-taker, natural leader, analytical) and "Canadian-ness" (good cultural fit, automatic assumption of high skills and abilities).</p> <p data-bbox="537 1350 927 1619">Language in performance evaluations (risk-taking, creativity, collaboration) can be used to describe men and women differently where in one case it is rewarded and in others it is not.</p>	<p data-bbox="1133 302 1302 331"><b>EMPLOYERS</b></p> <ul data-bbox="1000 348 1435 1556" style="list-style-type: none"> <li>✓ If the organization is not in a position to provide raises, acknowledge staff's effort for asking and express understanding; don't shut them down!</li> <li>✓ Set transparent guidelines around what raises are based on, the process, who is eligible, and at which point in the year they occur (near budgeting).</li> <li>✓ Institute processes for performance reviews to mitigate inequities (performance review templates, performance measures, how often reviews will occur, who will do them).</li> <li>✓ Provide senior leadership with training on how to conduct equitable performance reviews (how to recognize bias).</li> <li>✓ Build in cost-of-living increases to salaries in the broader organizational budget and any grant applications or agreements to ensure all staff can receive them, irrespective of status (part-time, full time, contract, permanent).</li> </ul>

# Step 2: Building

Practices	It's needed	It's possible
 <p><b>Wage increases continued</b></p>	<p><b>CONTEXT</b></p> <p>Cost-of-living increases ensure that salaries remain on par with inflation and that the purchasing power of the salary isn't decreasing. The increase matches the rate of inflation.</p> <p>In some workplaces, even asking for a raise is frowned upon which can lower employee morale and make them feel less valued.</p>	<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ Document successes, any extra work taken on and how you have helped the organization grow.</li> <li>✓ Take credit for your successes.</li> <li>✓ Ensure some form of mid-year and end-of-year performance reviews are scheduled.</li> <li>✓ During performance reviews ask if a raise is possible based on the review.</li> </ul>

Practices	It's needed	It's possible
 <p><b>Pension plans:</b> Employer and employee contribute to a pension plan that provides income security to the employee when they retire.</p>	<p><b>CONTEXT</b></p> <p>Pension plans can mitigate the extent to which labour market inequities are perpetuated in retirement.</p> <p>Women have lower earnings and often have more gaps in their careers, which makes it more difficult to save for retirement and leads to a larger gender pension gap for women.</p> <p>Women live longer than men and are more likely to retire into poverty.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Consider joining a defined benefits pension plan for Ontario nonprofits: the OPTrust Select pension plan is recommended by ONN.</li> <li>✓ Formulate a committee to review pension plan needs and different options available.</li> <li>✓ Build in pension plan costs in the broader organizational budget and any grant applications or agreements as applicable.</li> </ul>

# Step 2: Building

Practices	It's needed	It's possible
 <p><b>Pension plans continued</b></p>	<p><b>CONTEXT</b></p> <p>Ample research highlights how current financial industry retirement savings plans are problematic: they are voluntary and take-up is low; they cost too much in fees; they leave too much of the burden on individuals when they would do much better to pool their risks, reduce their fees through economies of scale, and collectively purchase professional investment expertise; there is too much potential for early withdrawals in a TFSA arrangement (as there already is in RRSPs), jeopardizing lower-income workers' retirement income security if their retirement income is not provided through a locked-in mechanism.<sup>17</sup> At the same time, non-contributory pension systems (like Old Age Security) offer low levels of benefits that are not enough to retire on.<sup>19</sup></p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ If a pension plan has existed for a while, consider reviewing it to see if it still meets the needs of employees.</li> </ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ If no pension plan exists, consider communicating the value and importance of it to leaders.</li> </ul>

“My friends are retiring right now **but I can't.**”<sup>20</sup>

<sup>19</sup> See ONN's [A Roadmap for a Nonprofit Sector Pension Plan](#) report

<sup>20</sup> The Ontario Nonprofit Network "[Women's Voices - Stories about working in Ontario's Nonprofit Sector](#)" p. 18

# Step 3: Expanding and measuring

Practices	It's needed	It's possible
 <p><b>Compensation audit:</b> Analyzing compensation data alongside employee demographic data to inform compensation practices.</p>	<p><b>CONTEXT</b></p> <p>An audit (using existing employee data from a compensation structure that includes job descriptions, evaluations, pay scales, and pay grid) can identify significant trends and discrepancies in compensation, such as:</p> <ul style="list-style-type: none"><li>• How much do women as a group make in comparison to others?</li><li>• How much do different groups of women (such as women with disabilities) make in comparison to others?</li><li>• What pay scales and positions are women (and different groups of women) concentrated in?</li></ul> <p>Such trends can highlight where compensation inequities exist in larger organizations and provide critical information for organizations that are beginning to reform their practices.</p> <p>Benchmarking trends can also be a way to measure progress on compensation equity over the years.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"><li>✓ Develop a mechanism to gather demographic/employment equity information about the organization's workforce.</li><li>✓ Start with a confidential spreadsheet of self-declared employment equity information and pay, position, and recent raises.</li><li>✓ Over time, you can start analyzing more variables like turnover rates, years of service, experience of employees.</li><li>✓ As the organization grows and you add more positions, identify male and female job classes.</li><li>✓ Make sure compensation trends in male and female job classes are reviewed (and if it applies, that you are compliant with the Pay Equity Act).</li><li>✓ Have a mechanism in place for employees to share pay discrimination issues.</li></ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"><li>✓ If possible, read organizational reports on compensation audits and ask for any clarification if needed.</li></ul>

# Step 3: Expanding and measuring

Practices	It's needed	It's possible
 <p><b>Pay transparency reporting<sup>21</sup>:</b> Organizations can be legislated to publicly report or report to governing bodies on their gender wage gap.</p>	<p><b>CONTEXT</b></p> <p>Although pay transparency reporting is legislated for only certain employers (the legislation has been proclaimed but is delayed in implementation in Ontario), it is a good practice to implement for those organizations who already have the information that needs to be reported.</p> <p>Pay discrimination is more likely to occur when there is no transparency and is better identified when there is transparency.</p> <p>Pay transparency reporting highlights which organizations are complying with existing laws and reinforces accountability.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ Pay transparency reporting can consist of existing organizational data: payroll data, compensation audits, pay grids.</li> <li>✓ A larger organization can consider disaggregating data by categories such as gender, race, job classification, job status.</li> </ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ If possible, read pay transparency reports for the organization you work for or a potential employer and ask for any clarification if needed.</li> </ul>

“ I wouldn't even know if a gender wage gap existed. ”<sup>22</sup>

<sup>21</sup> As stated above, legally Pay Transparency reporting in Ontario would only apply to employers with more than 250 employees in 2020, and employers with more than 100 but fewer than 250 employees in 2021.

<sup>22</sup> The Ontario Nonprofit Network "Women's Voices - Stories about working in Ontario's Nonprofit Sector" p. 37

# Step 3: Expanding and measuring

Practices	It's needed	It's possible
 <p><b>Maternity and parental benefits top-ups:</b> Employers have the option of “topping-up” their workers’ Employment Insurance maternity and parental benefits to reduce the difference between the benefits and the workers’ regular earnings.</p>	<p><b>CONTEXT</b></p> <p>Top-ups relieve the stress and anxiety of income loss during maternity and parental leave as Employment Insurance replaces only 55% of earnings, up to a cap, and has a modest low-income family supplement that applies to very few families.</p> <p>For employers, top-ups contribute to a fair compensation and benefits package for women, and strengthen recruitment and retention in the organization while avoiding lengthy and expensive turnovers. They convey value and support to employees and thus strengthen relationships and increase productivity and morale.</p> <p>Top-ups enhance long-term earnings for parents, particularly women, by encouraging job continuity and enabling them to remain on leave for longer which is good for their work-life balance and family well-being.</p>	<p><b>EMPLOYERS</b></p> <ul style="list-style-type: none"> <li>✓ ONN is developing a maternity and parental benefits top-ups guide with examples of best practices in the nonprofit sector.</li> </ul> <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>✓ If no top-ups exist, consider communicating the value and importance of it with leaders.</li> </ul>

“ We offer 2 weeks top-ups in a recent upgrade of HR policies. I wish we could do full year but we are not funded that way but are advocating for it. ”<sup>23</sup>

<sup>23</sup> The Ontario Nonprofit Network “Women’s Voices - Stories about working in Ontario’s Nonprofit Sector” p. 20

# CONCLUSION: LET'S START NOW

Fair wages for women workers in the nonprofit sector are a critical and tangible aspect of decent work.

Employers can provide fair wages by implementing equitable compensation practices that are evidence-based, transparent, flexible, understandable and manageable, regularly reviewed, documented, and take into account the most marginalized workers. When employers pay particular attention to what components of compensation impact women workers' wages and implement practices to address them, they can better reduce the gender wage gap in their organizations. Employees have a role to play as well. They can learn how to better self-advocate

and participate in providing feedback to organizations on compensation practices when appropriate.

While ONN recognizes that this is not easy and takes time, the sector must start now and from somewhere. It is this investment in the sector's most valuable resource, our people, that will ensure organizations thrive, and communities and clients are well served.

Moreover, that our sector's women workers are supported.

## Appendix A: Canadian Nonprofit Salary and Benefit Guides

1 [Charity Village Canadian Nonprofit Sector Salary and Benefits Study](#)

2 [Boland Salary Survey](#)

## References

1 Cherly VanOrnum ["How to Design a Fair & Equitable Compensation Program"](#)

2 Council of Nonprofits ["Executive Compensation"](#)

3 Council of Nonprofits ["The gender pay gap is a sleeper threat to nonprofit effectiveness and sustainability"](#)

4 ERI Distance Learning Center: Online Compensation Textbook ["Chapter 26: Discrimination in Pay"](#)

5 Institute of Public Policy University of Missouri-Columbia ["Pay Equity Best Practices Guidelines"](#)

6 International Labour Organization ["Work for a Brighter Future: Report of the Global Commission on the Future of Work"](#)

7 David Anderson, Margrét V. Bjarnadóttir, Cristian Dezso, David Gaddis Ross ["Why Companies' Attempts to Close the Gender Pay Gap Often Fail"](#)

8 NYC Commission on Gender Equity ["Leveling the Playing Field: Best Practices for Gender Pay Equity in the Workplace"](#)

9 Glassdoor ["How to Analyze Your Gender Pay Gap: An Employer's Guide"](#)

10 Glassdoor ["5 Ways to Address the Gender Pay Gap at Your Company"](#)

11 Government of New Brunswick ["Quick Guide to Pay Equity"](#)

12 Harvard Business Review ["The Latest Research: Women and Gender"](#)

13 Human Resources Professionals Association ["Closing the Gender Wage Gap: A Review and Recommendations by the Human Resources Professionals Association \(HRPA\)"](#)

14 Jack Bucalo ["Fair and Equitable Compensation - The Foundation for All HR Programs"](#)

15 Jocelyn Frye ["Next Steps for Progress on Equal Pay"](#)

16 Karra Barron ["The New Workforce Gender Equity Factors HR Needs to Watch"](#)

17 Lisa Burden ["Mandatory wage reporting shrinks gender-based pay gaps, study shows"](#)

18 Morten Bennedsen, Elena Simintzi, Margarita Tsoutsoura, Daniel Wolfenzon ["Research: Gender Pay Gaps Shrink When Companies Are Required to Disclose Them"](#)

19 Ontario Equal Pay Coalition ["12 Steps to Close the Gender Pay Gap by 2025"](#)

20 Ontario Equal Pay Coalition ["Strengthening Ontario's Pay Transparency Bill: 8 Critical Amendments"](#)

21 Resource Management INC ["Improve Your Bottom Line by Minimizing Employee Turnover"](#)

22 Shelley Zalis ["5 Ideas to Help Close the Wage Gap on #EqualPayDay"](#)





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