

The Nonprofit and Voluntary Sector Labour Force of Tomorrow and the Impact of COVID-19

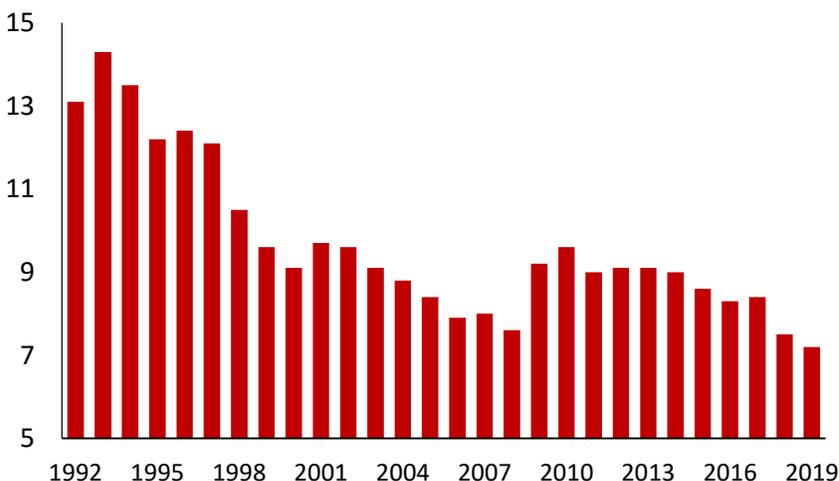
The Context:

There are labour shortages everywhere in the Province

The labour force has been declining in Nova Scotia, making it increasingly difficult for all employers to find labour. This has serious implications for all industries but especially for the nonprofit and voluntary sector. About half of Atlantic Canadian businesses are struggling to find labour. Unemployment rates in Nova Scotia are at their lowest level since the early 1970s at 6.9% in January 2020. Job vacancy rates (which is a measure of the share of unfilled jobs) reached 3.2% or 13,400 jobs in the third quarter of 2019. The main factor behind these vacancies is the province's demographic picture led by an aging group of baby boomers entering retirement. These labour pressures are more intense in urban areas where unemployment rates are notably lower.

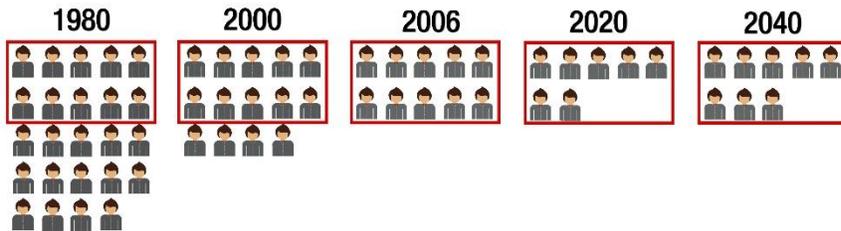
“About half of all Atlantic Canadian organizations are struggling to find labour”

Unemployment Rate, Nova Scotia (%)



In 1980, there were 24 young workers available for every 10 retirees in Atlantic Canada. That number fell to 10 young workers by 2006 and 7 workers in 2020.

The number of young workers available for every 10 retirees, Atlantic Canada



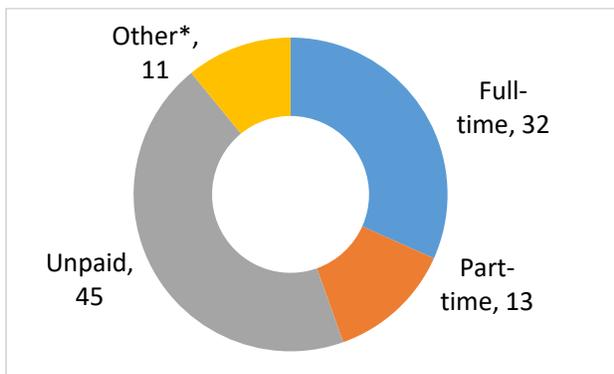
Employers in the region are responding to the labour shortages with higher wages, better benefits, more attractive working conditions, targeting underrepresented groups, hiring immigrants and investing in training and new technologies.

Labour and the Nonprofit Sector in Nova Scotia

The nonprofit and voluntary sector in Nova Scotia employs 20,000 people in 6,000 organizations. The Atlantic Provinces Economic Council (APEC) recently released the results of their report on “The State of the Nonprofit Sector in Nova Scotia”.¹ In a survey of the sector completed by 446 organizations and it was clear that labour challenges described above are also affecting the nonprofit sector.

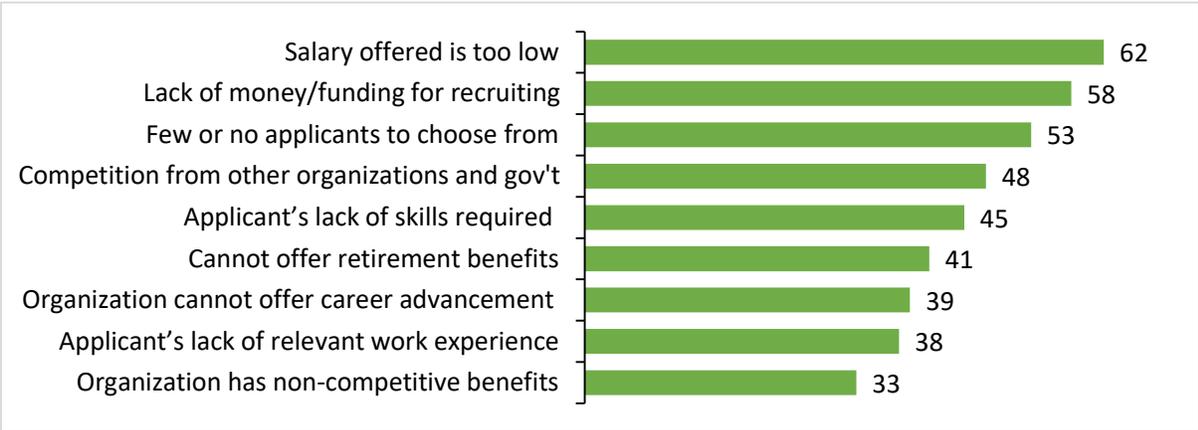
While almost half (45%) of the staff at nonprofits are unpaid volunteers among the paid employees about 58% are full-time, 23% are part-time and 20% are in other categories. The other category is an important group that includes contract workers, seasonal workers for certain types of nonprofits, student workers looking for their first work experience and casual workers that fill-in when needed.

Labour at Nonprofits (% of total)



Recruiting labour was cited as a major or significant obstacle to growth for 41% of nonprofits in Nova Scotia. The top two reasons relate to funding: 62% of nonprofits said “the salary is too low” and 58% said there was a “lack of money for recruiting”. It is a challenge to offer a full-time competitive wage when funding is scarce and unpredictable. 53% of nonprofits stated that there is a challenge finding sufficient applicants. Other reasons are outlined in the table below but it is clear that nonprofits also have challenges competing with government and business to attract people to work with them.

Reasons Organizations Have Difficulty Finding Employees (% finding a significant or major impact), n=365



Despite the many challenges they face, nonprofit organizations are responding to make the workplace more attractive. 55% of nonprofits have improved wages to make their jobs more attractive. Other key initiatives include improved flexibility in work schedules, modifying job descriptions and increased training.

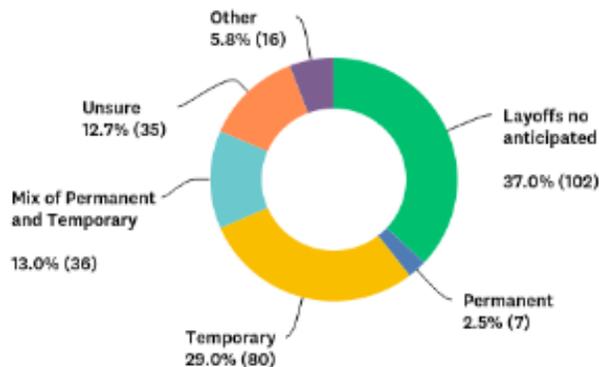
What Nonprofits are Doing to Make the Workplace More Attractive, n=480

	% of respondents
Improved wages and salaries for specific positions	55
Improved flexibility in work schedules	51
Implemented improved communication in the org.	47
Modified job descriptions, duties, responsibilities	47
Improved training opportunities	44
Improved efforts to make the workplace more fun	42
Invested in work tools/technologies	40
Better physical environment/working conditions	34
Better worker connection to the community	32
Improved non-wage benefits	30
Employees can work more from home or off-site	30
Improved career advancement opportunities	10

Impact of COVID-19 on Nonprofit Labour Challenges

The Community Sector Council of Nova Scotia did a survey of the sector in later March to assess the early impact of COVID-19.ⁱⁱ In total, 519 senior leaders in the sector participated in the survey. It is

Q18 Do you anticipate these lay offs will be temporary or permanent?



broadly representative of the sector and reflects the range of age, location, subsector, and type of organization. It included social enterprises as well as voluntary organizations. Laying off staff was reported by 29% of the organizations. We do not know how many were able to rehire people given support from government programs such as the wage subsidies. However, most indicated that they see the layoffs as temporary.

Small organizations are relatively unaffected in terms of layoffs of paid staff because they have very small staff compliment to begin with. The larger organizations on the other hand are seeing a more significant impact on their staffing. On average for the 230 organizations that reported their normal staff levels and their staffing levels after the arrival of the pandemic, we found that they have dropped on average 1.0 full time employees, 1.5 part time employees and 2.4 seasonal workers. If this is an accurate estimate, we can project across 6000 nonprofit organizations the layoffs affecting 6,000 people from full time positions. The impact on seasonal positions is even bigger with an estimated potential of 12,000 or more lost positions and we wonder what impact this will have on students and other seasonal workers this summer.

It is too early to assess the full impact of layoffs in the sector due to COVID-19. From the data we collected, it appears that almost all programs that rely on volunteers have had program cuts that results in volunteers are no being longer required. One ED reported that “We have seen our volunteer base gutted”. The average number of volunteers per organization that been reduced was 8.3 but the standard deviation was very large which indicates that some organizations have seen very significant losses of volunteers (see Table 1 in the Appendix). Given the average age of volunteers in the Province, we expect that a number of the volunteers who are seniors will not return to their volunteer roles until there is a vaccine available (see the CSCNS Volunteering Analysis). This will require nonprofits to hire even more full-time employees to address the gap that is created.

Conclusions

The nonprofit sector is facing a very serious challenge with labour and this is only going to get more pronounced over time. While COVID-19 with the lay-offs may make it easier to recruit people back into the sector it is not clear that given the significantly lower salaries that nonprofits can compete with business and government. Compensation per hour worked in Nova Scotia nonprofits averaged about \$24 in 2018, one of the lowest rates in Canada and well below the national average of \$28.50/hour. Only Prince Edward Island and New Brunswick had lower compensation rates in their nonprofit sector. The average compensation in the nonprofit sector in Nova Scotia is 20% below the average for all industries which is nearly \$30 per hour worked. Hourly compensation in nonprofits is only above retail trade, primary industries and accommodation and food industries. Compensation for nonprofits had gained some ground over the 2008-2018 period averaging 2.8% growth compared to 2.5% nationally.

If there is a collapse in the number of volunteers after COVID-19 the challenges of recruitment of skilled labour will be magnified. The aging demographics will hit the sector even harder.

The recent surge in immigration and slower rate of outmigration has helped the sector fill some retirement and other vacancies, but it has not been enough. Technological changes and the impact of digitalization on the economy require that nonprofits attract employees with different skill sets. Many young people are attracted to purpose driven businesses and the sector must make a compelling case about how their missions are aligned with the values of recent university graduates.

The sector, in partnership with government, must urgently engage in dialogue in order to develop labour strategies in the near future and consider the following questions:

1. How do we recruit more new graduates into the sector? What is the compelling case for employment in order to enhance recruitment?
2. How do we retain employees given lower salaries and the shortage of pensions and benefits? Is there an opportunity for sector wide benefits programs?
3. What is the impact of the composition of the sector given that 68% of the employees and 67% of Executive Directors are women? Are there gendered dynamics at play that are resulting in lower salaries and an overall lack of recognition of the sector as a whole?
4. How can we attract more of the new immigrants to the province and help them to see opportunities for employment in the sector? The sector leads in terms of diversity of the workforce and becoming an employer of choice by being the most inclusive and welcoming is a strategy to explore. (See table 2 in the appendix on diversity in the sector)
5. How do we use technologies such as artificial intelligence and big data to offset our traditional reliance on labour? Can we leverage the innovations that COVID-19 has brought in terms of working from home, use of technology etc. to respond to labour shortages, be more nimble and attract more younger employees?
6. Given that larger nonprofits are more able to grow and thrive (see table 3 in the appendix) should we be exploring new partnerships, possible amalgamations of programs and even merging organizations in order to address labour shortages?

7. How do we re-envision and re-imagine the sector given the profound disruption of COVID-19 to be a more inclusive and responsive sector within the network of nonprofits, voluntary organizations, social enterprises, small and large businesses and governments? Can we pivot and use this disruption to create a bold and innovative future? Is the status quo and perpetuation of the current situation even an option?

Appendix

Table 1:
Reported changes in staffing (CSCNS Survey of the Impact of COVID-19, (April 2020))

Reported Change in Staffing Levels*				
	Full Time	Part Time	Seasonal	Volunteer
Mean	1.1	1.5	2.4	8.3
Mode	0	0	0	0
Median	0	0	0	0
Standard Deviation	6.5	6.2	9.8	28.2

*Calculated from the difference between typical staffing complement and current staffing complement

Table 2:
Select Diversity Measures for Nonprofits in Nova Scotia, % of Total Employment (APEC Survey)

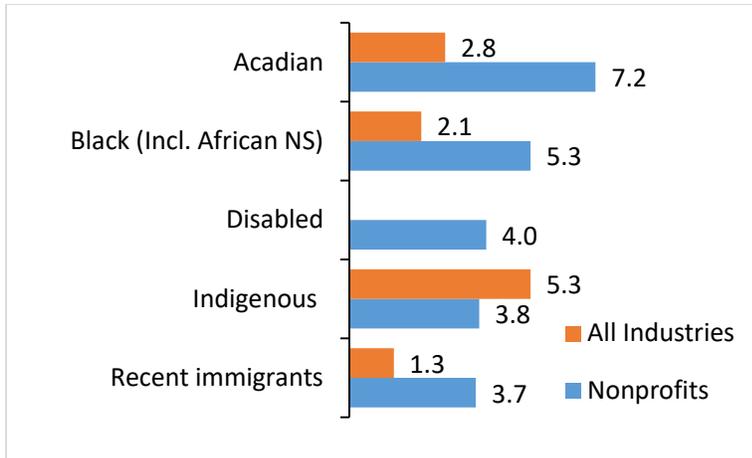
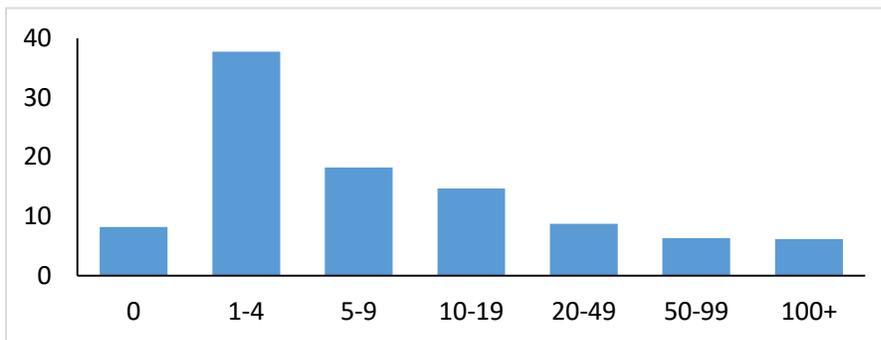


Table 3:
Nonprofits, by # of Full-Time Employees (% of total), n=538 (APEC Survey)

There is a clear relationship between size of organizations and their recent growth rates. Only 44% of organizations with under \$100,000 of revenues grew over the last three years, while 77% of nonprofits with over \$2.5 million of revenue grew. Small nonprofits have limited resources to create new revenue streams or search for government support programs. Most of these organizations have only have 1-2 employees and likely rely on volunteers for programs.



ⁱ <https://www.apec-econ.ca/publications/view/?publication.id=396>

ⁱⁱ <https://www.csc-ns.ca/covid-19-impact-survey/>