



GUIDE TO REMUNERATION IN THE PHILANTHROPIC SECTOR



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INTRODUCTION

The philanthropic sector is necessarily unique, and most often that's a good thing. But not always: while the non-profit sector is built on values of goodwill, assistance, inclusion, sharing and equality, assuming there is a moral obligation for people to work there only as volunteers, or on a shoestring, would be misleading and harmful. This assumption is still alive and well, however, and it has repercussions on remuneration for the professionals who work in this sector.

Why do unspoken assumptions and knee-jerk reactions still lead many people to expect, and even demand, that we pay as little as possible to people who work, day in and day out, to make our society a better place?

This is a touchy question, not only for Dan Pallotta, well-known United States activist, writer and speaker on Technology, Entertainment and Design (TED), but also in Canada. In response, we have developed this *Guide to Remuneration in the Philanthropic Sector*, a practical tool that will allow organizations, people who work there (or intend to work there) and donors to change their mindset about overhead costs, including salaries, in non-profit organizations.

We don't claim that this *Guide* will change the world; we hope it will help those who do want to change the world.

To complete your reading,
other content related to compensation is available:

- Checklist: [Evaluate your compensation structure to attract and retain talented individuals!](#)
- Checklist: [Make sure your organization's job postings put candidates first!](#)

REMUNERATION IN THE QUEBEC CONTEXT

Quebec is one of the provinces with the highest taxation rates; in addition, we also have to deal with the fact that average wages here are lower than in Ontario next door. What do these facts have to do with remuneration in the philanthropic sector?

More than you might think. In jurisdictions with high taxation rates, taxpayers rightly consider that their contributions are used to provide a reliable social safety net, high-quality education, and effective health care. And, when solicited by charitable organizations under Quebec jurisdiction, these persons can be reluctant donors, particularly if they know that, in addition to receiving government funding, the organizations they are dealing with are paying their fundraising professionals well.

Our social model, then, inevitably creates downward pressure on salaries in the philanthropic sector. That pressure need not be the only response, but its widespread presence, even today, is significant.

How can fundraisers for, say, a hospital foundation, respond to citizens who feel underpaid and overtaxed in comparison with their Ontario neighbours? In our sector, the answer lies in education and mobilization. We need to change the underlying collective paradigm, and we need to address it directly.

REMUNERATION IN THE PHILANTHROPIC SECTOR: DON'T EVEN THINK ABOUT IT!

UNSPOKEN ASSUMPTIONS ABOUT REMUNERATION IN THE PHILANTHROPIC SECTOR

In researching remuneration in the philanthropic sector, we noticed that public perceptions have been highly influential. There is a persistent, automatic association between working in philanthropy and not being paid, as if doing good were limited to volunteering. Like any sector of activity, however, and in light of day-to-day mobilization among employees, the non-profit sector has evolved and developed its own ethos. Working in the philanthropic sector no longer means helping out in one's spare time, or being a professional beggar; it means steady work for a cause that will serve its beneficiaries.

Public perceptions that are based on lack of information and awareness give rise to unspoken assumptions about remuneration in the philanthropic sector: the touchy issue that dares not speak its name.

The most common of these unspoken assumptions include the following.

- > Raising money for charitable organizations is child's play, so why should people be paid to do it?
- > People who work for non-profit organizations do so in order to give meaning to their lives. They are volunteers, who are satisfied with doing good and are not interested in financial compensation.
- > The philanthropic sector doesn't need to pay its employees well because the feeling of making the world a better place is highly valuable in itself.
- > Because they have an innate desire to do good, people who work in the philanthropic sector don't need any specialized training or credentials. Anybody can work for a non-profit organization.
- > It's wrong for employees of non-profit organizations and foundations to be highly paid; if they were, they would be getting rich at the expense of the cause.



Source: Public awareness campaign about charity overhead costs, including salaries, Charity Defense Council, United States

ASSUMPTIONS HAVE REPERCUSSIONS.

These unspoken assumptions have repercussions. Talented individuals with specialized training who want to become involved as professionals in the philanthropic sector are nevertheless hesitant, if not reluctant, to work there because they think they may not earn a decent living, or may be limited to this sector as if they were less productive than in the private sector.

These graduates are faced with a dilemma: whether to succeed, for themselves and their families; or to help the rest of the world. It is as if these options were mutually exclusive. Without adequate information, they will opt to work in a non-charitable sector for higher pay, which they can then direct toward charitable donations. Influenced by unspoken assumptions, they feel unable to make what looks like a major economic sacrifice. It is in our sector's interest to take a look at its brand as an employer, its positioning in society, and the values it upholds.

Regrettably, there is an exodus of fundraisers from the philanthropic sector, where good causes rely on these professionals to survive.

The fundraiser exodus will inevitably affect donations to charities. These organizations will not have the resources to research, analyse, segment and approach potential donors. The exodus will also affect services to beneficiaries. Having to work short-staffed will make it impossible for organizations to provide optimum support to their beneficiaries and broaden the services they offer to meet ever-growing needs in their communities.

And that's not all. The fundraiser exodus will perpetuate unspoken assumptions about remuneration in the philanthropic sector. Mindsets won't change until they confront reality.

CHANGING MINDSETS MEANS ATTRACTING TALENTED INDIVIDUALS.

A number of positive factors can go a long way toward changing mindsets about remuneration in the philanthropic sector and moving it forward. We suggest five.

1

EXPECT EXCELLENCE.

By requiring credentials and professional association membership when recruiting, we foster professionalism and encourage training development in the sector. Work in a non-profit organization calls for a range of expertise including seeking donors, managing donor relations, donor stewardship, and donor recognition, to name only those few. This work calls for multiple, specific skills in individuals who can work independently in accurately collecting, analysing and segmenting information, and who are also knowledgeable about public relations, communications and finances. All these skills are required in employees who are expected to excel at fundraising.

2

OFFER APPROPRIATE REMUNERATION.

If we expect high performance from employees, we need to offer high-performance remuneration. This is the time for non-profit organizations to draw up a remuneration policy, on the basis of position profiles being sought and labour market facts. If we want to hire specific talent, we need to write a clear position description and offer remuneration that reflects the experience and expertise we expect. It is in non-profit organizations' interest to take the time to consider the relationship between the skills they need and the pay and other benefits they can offer.

3

RAISE AWARENESS ABOUT THE PHILANTHROPIC SECTOR.

If we want to change mindsets and dissipate unspoken assumptions about remuneration in the philanthropic sector, we need to educate the public. That means providing information about the philanthropic sector in relevant publications, articles and podcasts. Non-profit organizations need to raise public awareness by creating their own content, highlighting the benefits of their cause for society. If we want to disprove the assumed equation between charity and volunteering, we need to promote and demonstrate the positive results of appropriate remuneration.

4

SAY WHAT THE SECTOR NEEDS.

There is also an ongoing need to say what the sector needs in terms of recruitment, to show that philanthropy needs qualified individuals with specialized training and diplomas and focused expertise in several fields. Being specific, particularly in job postings, will help promote fairer remuneration. Specific job postings can help reach potential recruits and pique the curiosity of applicants who are changing careers or looking for work that is more focussed on human values.

5

BE TRANSPARENT.

Since May 1, 2021, the Association of Fundraising Professionals, Quebec Chapter (AFP Quebec) has required that job offers posted on its Internet site include salary ranges. This requirement is an effective way to ensure equity among candidates who apply to an organization. It also exerts positive pressure to offer worthwhile salaries. As well, greater transparency will allow us to have a constructive conversation about remuneration; while the data that organizations provide in their return of information (form T3010) are public, this information remains limited.

Each of us has a part to play in the collective perception of the philanthropic sector and remuneration of its professionals. Fair pay should not be optional. Remuneration must correspond to each individual's qualifications, and people who dedicate their lives to others' wellbeing deserve to be well compensated.

ARE YOUR EMPLOYEES APPROPRIATELY PAID?

In budget planning, the salary line can be a challenge. For many non-profit organizations, salaries are the largest expenditure; while many organizations adjust their budgets annually for inflation, few take the time to question their assumptions.

Where are you in relation to market conditions?

Do you know?

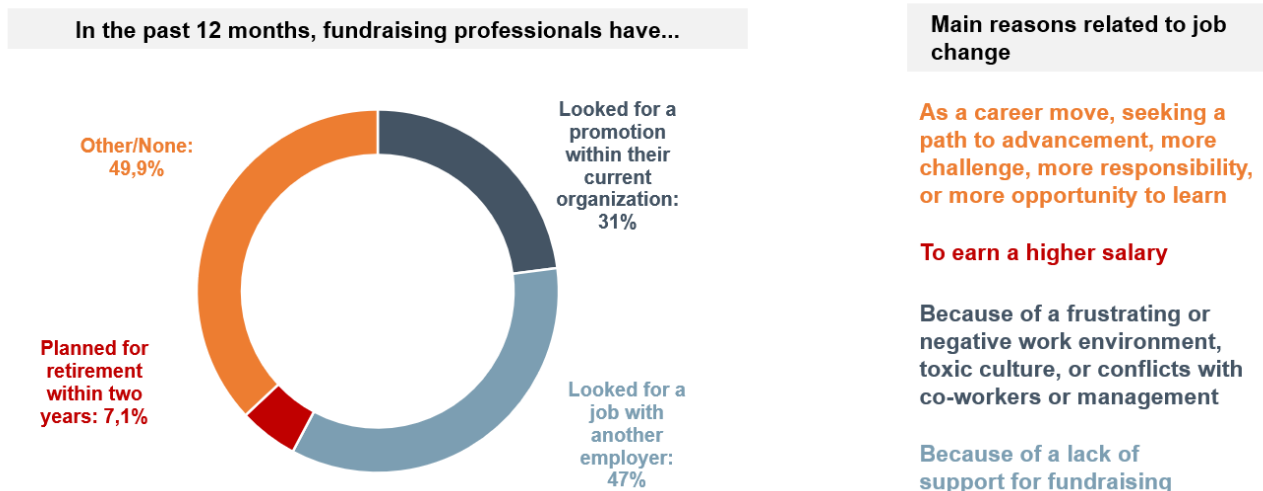
To determine appropriate salary levels for your employees, you first need a clear idea of what these persons do. You also need to relate that information to other positions within your organization, similar positions in other organizations, and the changing human resources context. For example, a pension plan may no longer be the convincing argument it once was.

To assist you in making these comparisons, we offer a tool entitled,
Evaluate your compensation structure to attract and retain talented individuals!

[Download the checklist!](#)

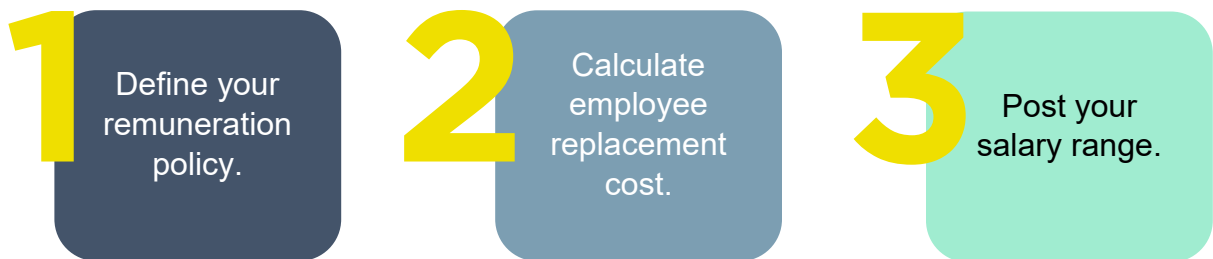
Other resources for evaluating remuneration in your organization

- If you are a member of the [Association des fondations d'établissements de santé du Québec](#) (AFÉSAQ and, more recently, SANCIO), you have access to recommended annual salary figures.
- If you are a member of the [Association of Fundraising Professionals](#) (AFP), you can download the most recent AFP Compensation and Benefits Report.
- You can consult [collective agreements](#) at unionized organizations in Quebec.
- You can keep abreast of human resources trends: what employees really want in terms of comprehensive remuneration.



Source: 2021 AFP Compensation and Benefits Report, member download, [afpglobal.org](#)

THREE BEST PRACTICES



DEFINE YOUR REMUNERATION POLICY.

It is quite possible that your organization does not have a remuneration policy. If that is the case, be sure to devote the time and resources required to conduct a meaningful evaluation exercise that will allow you to attract and retain talented individuals.

You may simply be wondering: What is a remuneration policy?

The answer is simple: a remuneration policy covers all the components of remuneration at your organization, from basic pay to group insurance plans. Conducting this evaluation exercise will give you a clearer idea of your total payroll expenditures and allow you to keep an eye on equity among present and future employees.

INTERNAL AND EXTERNAL PAY EQUITY

Regardless of whether your organization has more or fewer than 10 employees (beyond which threshold pay equity is obligatory), position classification is still advisable. By grouping positions with similar requirements and duties together, this exercise will make it easier for you to define salary ranges, compare them internally, and see how they measure up to market conditions.

REVIEWING YOUR REMUNERATION SYSTEM

A number of organizations, themselves unable to offer gold-plated fringe benefits, have taken advantage of membership in associations and boards of trade to provide employee benefits.

Here are some questions to ask yourself. Beyond hourly or annual pay, what do you offer your employees?

What do other similar organizations offer?

Do you offer more than the minimum required by the Commission des normes, de l'équité, de la santé et de la sécurité au travail (CNESST) [Quebec's labour standards, employment equity and occupational health and safety board]?

Do you offer career development opportunities, or more than the usual forms of leave?

Do you reimburse home-office expenditures, or offer flextime?

Consider the many forms remuneration can take, and ask your employees what would make them want to stay. You'll see that their responses don't necessarily mean major payroll expenditures.

ADJUSTING CURRENT SALARIES

While defined salary ranges makes for interesting long-term financial projections, they shouldn't be cast in stone.

Here are some more questions to ask. Do your employees move up the pay scale, or have your thought of moving them?

If you've been relying on the same salary ranges for years, are you sure they're still relevant and correspond to market conditions?

If you want to remain competitive, is it time to adjust your salary ranges?

At the end of the day, you want to avoid seeing employees leave for the perfectly good reason that, for doing the same work, they can earn more elsewhere.

POLICY ON PAY INCREASES

Do your employees receive raises?

Are raises unilaterally determined and the same for everyone, or are they designed to reinforce performance?

Have you defined a set of performance indicators to back up annual raises or bonuses?

Ultimately, you want to ensure that your pay increase practices serve your organization by stimulating employee motivation, retention and performance.

DID YOU KNOW?

Recruiting the right person takes between 50 and 100 hours of work.

Analyzing market conditions, identifying the most promising applications, making contacts, holding initial telephone screenings, keeping the client informed, and conducting interviews: all this goes into writing the report and identifying which applications to recommend. Great results take a great deal of work! **Read more on the next page.**

CALCULATE EMPLOYEE REPLACEMENT COST.

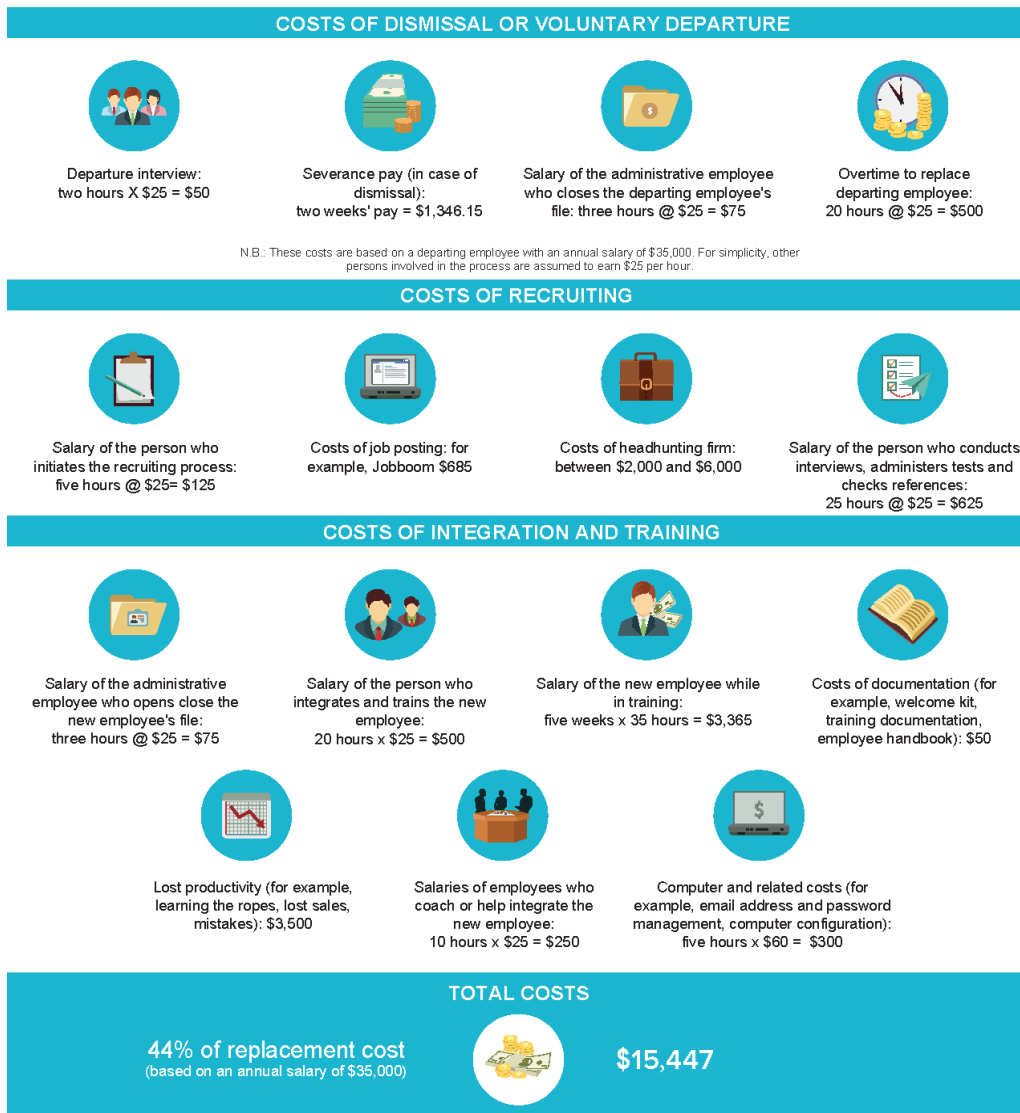
Too often, employees leave an organization simply because they feel they've topped out in terms of remuneration. If that's really the case, can you afford to lose that employee, initiate a recruiting process, and maybe negotiate the same, or a higher, salary with a new candidate?

Sometimes the cost of replacing talented individuals is under-estimated.



TABLE 1

HOW MUCH DOES IT COST YOU WHEN AN EMPLOYEE LEAVES?



Inspiré du guide : Mesurer le roulement du personnel et ses coûts dans votre commerce de détail (2006), de Déral Québec.

Source: Comité sectoriel de main-d'oeuvre Économie sociale Action communautaire (CSMO-ÉSAC), <https://www.csmoesac.qc.ca/assets/medias/documents/Roulement-de-personnel.pdf>

POST YOUR SALARY RANGE.

Whether to post your salary range: that is the question.

If you have done the exercises already suggested in this guide, you should be quite comfortable posting your salary range when recruiting new employees. Posting salary figures makes the process transparent and avoids wasted time for both parties if remuneration is inappropriate for a given candidate. It also ensures that candidates are treated equally.

Did you know that, even today, racialized and indigenous persons experience significant wage discrimination? Having the same salary starting line for everyone will go some way toward rectifying this situation.

Since May 1, 2021, AFP Quebec has required that job offers posted on its Internet site include salary ranges. This trend is growing nationally and internationally, and is not confined to the philanthropic sector.

"But if donors or the media get hold of salary information, the organization's reputation will suffer."

As this widespread assumption reminds us, we need to work together to inform public opinion: paying good money to people who help make the world a better place is not something to be ashamed of. Regrettably, every year there is critical media coverage of non-profit executives who earn more than \$100,000 a year, but these persons bring in millions of dollars and enhance the quality of life of thousands of persons.

This media coverage, too, is an opportunity to educate, for which there is strong support in the non-profit ecosystem in Quebec, in all parts of Canada, and worldwide.

Want to optimize your job postings?
We invite you to use our checklist
Make sure your organization's job postings put candidates first!

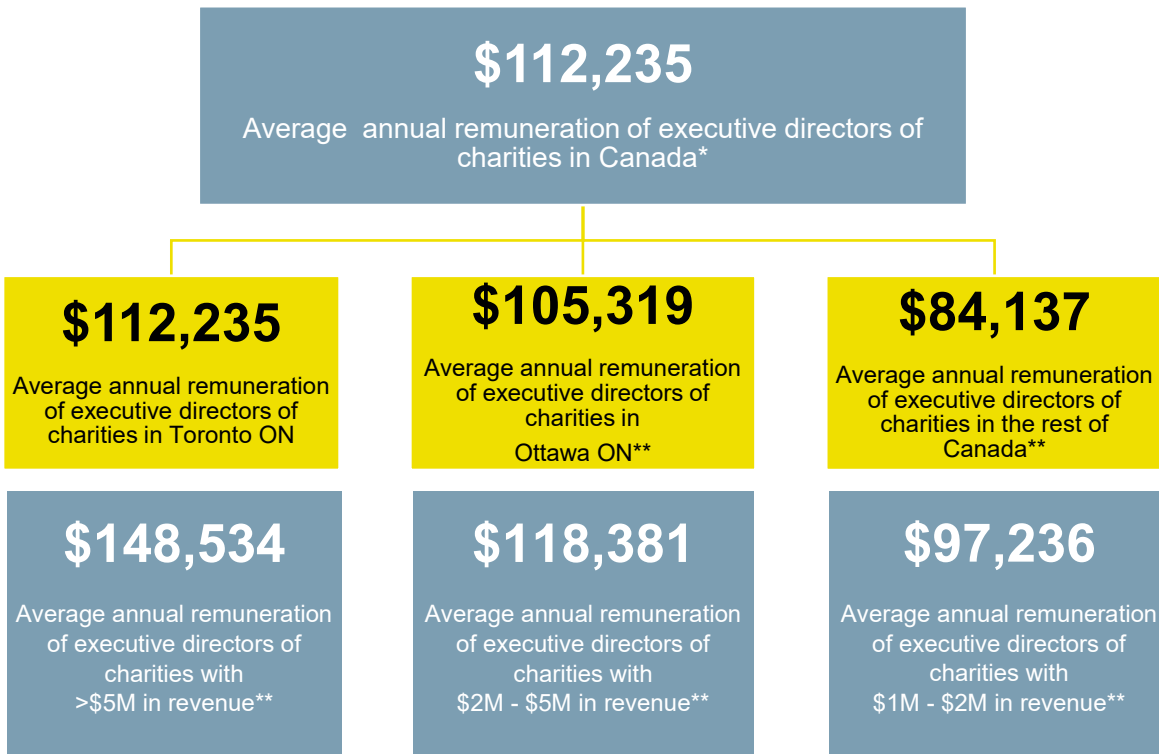
[Download the checklist](#)

REMUNERATION: BE COMPETITIVE!

KEY FIGURES AND CHARTS

- According to AFP Canada, remuneration in the philanthropic sector is highest in Quebec and Ontario.
- In the philanthropic sector, most employees are women, but women are paid 20% less than men.
- The AFP includes salary ranges in job postings to ensure that women are paid as well as men.
- According to the AFP, in the philanthropic sector the number one reason for changing jobs is pay (not the organization's mission).

REMUNERATION OF EXECUTIVE DIRECTORS OF CHARITIES



BENEFIT RATING BY EXECUTIVE DIRECTORS

- | | |
|------------------------|-----------------------|
| 1. Health insurance | 4. Other |
| 2. Children and family | 5. Community benefits |
| 3. Social services | 6. Education |

*Source: PayScale Canada

**Source: Charity Village

ADDRESSING THE LABOUR SHORTAGE

Remuneration, the issue that dare not speak its name in philanthropy, cannot by itself address the labour shortage in this sector. It can, however, help stem the fundraiser exodus. The sector is facing a series of challenges: the imminent retirement of a number of professionals who have built up the sector; icing of the only French-language university-level training program; and fierce, ongoing competition with both the public and private sectors.

All that said, we need to bear one thing in mind. **We are responsible for the future of the philanthropic sector:** for what we do at the organization level; for how we mobilize within the sector; and for how we speak and write about philanthropy with all stakeholders in the non-profit ecosystem.

Whether we like it or not, changing the world doesn't happen overnight.

LEARNING MORE

Are you as excited about philanthropy as we are? Here are some suggestions for further reading and reflection on why fundraising matters in our society. Enjoy!

[Fundraising is Awesome, AFP](#)
[Narrative for Canadian Fundraising, AFP](#)

Make your employees happy with an adapted and rewarding compensation policy!

[Book a free appointment with an HR expert](#)

Sources

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- <https://www.lapresse.ca/affaires/economie/emploi/201411/26/01-4822635-philanthropie-des-emplois-de-plus-en-plus-professionnels.php>
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- <https://gailperrygroup.com/why-are-we-facing-a-fundraiser-exodus/>