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CANADA

PEOPLE FIRST

A PORTRAIT OF CANADA'S NONPROFIT WORKFORCE

Data and Trends Report

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People First : A Portrait of Canada's Nonprofit Workforce

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Ce rapport est également disponible en français: *L'humain derrière la mission : portrait de la main-d'œuvre du secteur à but non lucratif au Canada* ISBN 978-1-55401-456-9

About Imagine Canada

Imagine Canada is a national charitable organization whose cause is social good in Canada. We work to bolster the charities, nonprofits, and social entrepreneurs who build, enrich, and define our nation and the communities they support around the globe.

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Key Takeaways

Recently updated data released by Statistics Canada provide key insights into the size and key characteristics of the nonprofit workforce and how it compares to the total Canadian workforce.¹

- Collectively nonprofits employ 2.5 million people, making the nonprofit sector the largest employer in Canada. Nonprofit employment is 70% larger than construction, 60% larger than manufacturing and 20% larger than retail trade, the three largest for-profit industries.
- Two thirds of nonprofit employees work in the hospitals, universities and colleges that make up the government nonprofit sub-sector. About a quarter work in community nonprofits and one in twelve in business nonprofits.
- Compared to other workers, nonprofit employees are more likely to be women (70% vs. 48% of all employees), to have higher levels of formal education (48% have a university degree vs. 34% of all employees) and to be racialized (33% vs. 29%). Nonprofit employees are as likely as other workers to have previously immigrated to Canada (27% of both groups).
- In spite of generally higher levels of formal education, nonprofit workers are paid significantly less than workers in the for-profit and government sectors. The average annual salary for a nonprofit worker is 13% lower than the average salary for all Canadian employees. The gap in average salaries is a whopping 31% for community nonprofit workers.
- Most of the nonprofit salary gap is driven by paying women less. The average salary for a woman working for a nonprofit is 18% lower than the average Canadian salary while the average salary for men is just 3% less. About four fifths of the gap in average salaries for women is due to lower hourly wages, as opposed to working fewer hours.
- Average salaries for racialized nonprofit workers are about 12% lower than non-racialized nonprofit workers. While this gap is smaller than in other parts of the economy, it layers on top of the already significant structural nonprofit salary gap. The net effect is that the average salary

¹See the textbox *About this publication* for more detail about the updated data.

for racialized nonprofit employees is about a fifth less than that of the typical Canadian worker.

- While average salaries for nonprofit workers who were born abroad are about the same as the salaries of Canadian-born nonprofit workers, this is mainly driven by compensation patterns in government nonprofits. Average salaries for internationally-born workers in community nonprofits are about 5% less and business nonprofits 3% less than salaries of Canadian-born nonprofit workers.

Overall, these data clearly show that the nonprofit workforce has a significantly different composition than the overall Canadian workforce. They also reflect a sector grappling with a combination of structurally lower wages, amplified by significant internal compensation inequities. Changing this will require a combination of funding changes and leadership shifts, supporting decent work and broader adoption of anti-racism/anti-oppression practices.

⚠ About this publication

This report replaces a previous Imagine Canada report entitled *Diversity is Our Strength: Improving Working Conditions in Canadian Nonprofits*, which we have withdrawn from publication. While this report draws on the same underlying sources as the previous report, Statistics Canada recently made significant methodological changes to how they produce these data.

In addition to producing updated data, this new methodology has also been to replace the historical data used to produce our previous report. While most of the updated and revised data are fairly similar, there are significant material differences when looking at key dimensions such as immigration status and level of formal education.

Given these shifts, we strongly encourage stakeholders to use this report instead of the previous one.

Introduction

To the extent the public thinks about nonprofits and how they carry out the work they do, they tend to emphasize the role of volunteers. In reality, the nonprofit sector is a very significant employer, employing 2.5 million Canadians, equivalent to 14% of employees and 12% of the total labour force.² Compared to *conventional industries*,³ the nonprofit sector is the largest employer in the Canadian economy, engaging 1.7 times as many employees as construction, 1.6 times as many employees as manufacturing and 1.2 times the employees of retail trade, the three largest predominantly for-profit industries.

Components of the nonprofit sector. Statistics Canada divides the nonprofit sector into three sub-sectors, based principally on who they produce goods and services for, the sources of organizational revenue and the degree of governmental control over the organizations in the sub-sector. These are:

- **Community nonprofits** produce goods and services for households and the general community at prices that are either free or significantly lower than the cost to produce them. These organizations are independent of governments and not controlled by them. Examples of community nonprofits include religious, social services and environmental organizations.
- **Business nonprofits** primarily sell goods and services to households, the community and to businesses at prices that cover production costs. Business associations, chambers of commerce, and condominium associations are common examples of this type of nonprofit.
- **Government nonprofits** are primarily funded by governments and governments have significant influence on their activities, though these organizations are institutionally independent. Like community nonprofits, they produce goods and services for households and the community at prices that are free or significantly lower than the cost to produce. While they commonly charge fees, these fees usually do not cover the full cost of the goods and services produced. Examples

²The labour force includes those who are self-employed and currently unemployed.

³Industries that are predominantly made up of for-profit organizations or governmental units.

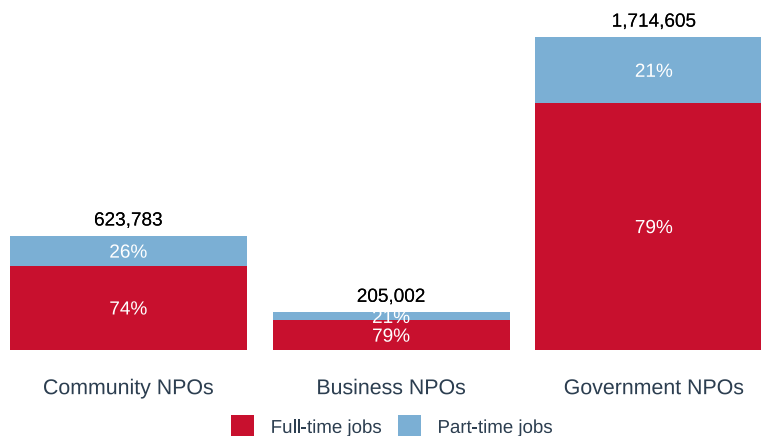
of government nonprofits include hospitals, some residential care facilities, universities and colleges.

In some Statistics Canada data presentations, community and business nonprofits are lumped together into a grouping referred to as the *core nonprofit sector*.⁴

Nonprofit employment

Most of the 2.5 million nonprofit employees (67%) work in the hospitals, universities, and colleges that make up the government nonprofit sub-sector (see Figure 1).⁵ Most of the remainder (25%) work for community nonprofits and about one in 12 (8%) work for business nonprofits. A significant fraction of nonprofit jobs (22%) are part-time. This is particularly true in the community nonprofit sub-sector.

Figure 1: Nonprofit employment by type of job and sub-sector, 2021



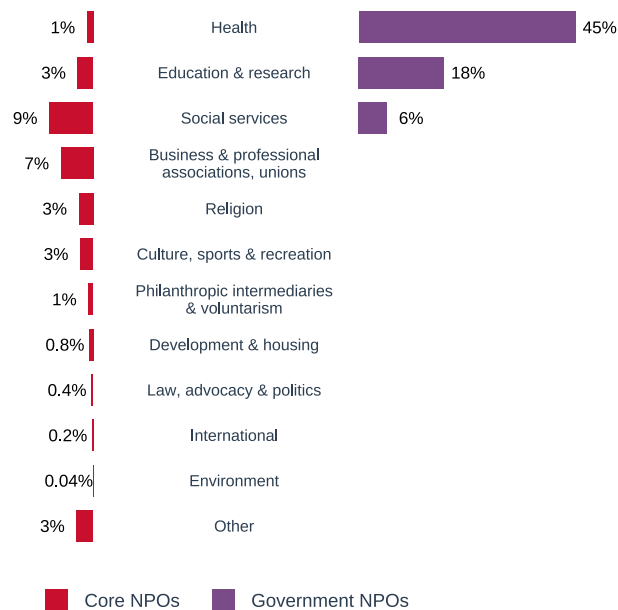
The largest proportion of nonprofit employees work in organizations focusing on health and education, mostly in the government nonprofit sub-sector (see Figure 2). The next largest proportions are employed in social services and associations and unions, mainly concentrated in the non-governmental or *core* component of the nonprofit sector. Collectively,

⁴This appears mainly to be in order to avoid excessive suppression of data due to privacy and/or data quality concerns.

⁵For definitions of the three nonprofit sub-sectors, please see the section entitled *Components of the nonprofit sector*.

the remaining activity areas account for 12% of total employees, with no individual area accounting for more than 3% of total employees.

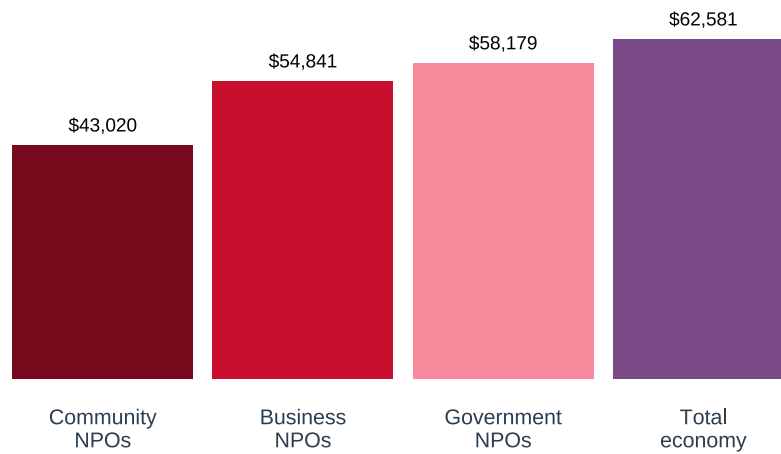
Figure 2: Nonprofit employment by activity area and sub-sector, 2021



Nonprofit compensation. Nonprofit jobs generally pay less than jobs in other sectors, with the average annual nonprofit wage being about 13% less than the average for all jobs economy-wide. The compensation gap is particularly significant for community nonprofits, where the average annual wage is 31% lower than the Canadian norm (see Figure 3). The situation is somewhat better for business (12% lower) and government (7% lower) nonprofits, but the gaps remain significant.

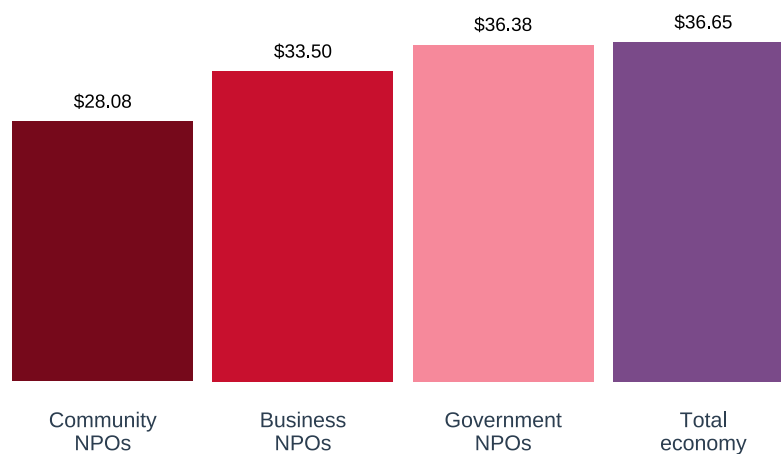
This wage gap poses a major challenge for nonprofits, which have to compete with other sectors for talent. Nearly two thirds (65%) of conventional industry jobs are located in industries where the average annual wage is higher than in the nonprofit sector. The challenge is particularly acute for community nonprofits, where 76% of competing jobs are in generally higher paying industries.

Figure 3: Average annual salary by sub-sector, 2021



Structurally lower nonprofit salaries are driven by two factors: lower hourly wages and fewer annual hours worked. For community and business nonprofit salaries the primary driver is lower hourly wages, which account for roughly 70% - 75% of the salary difference (see Figure 4). For government nonprofit salaries the primary driver is fewer annual hours worked, which accounts for about 90% of the difference.

Figure 4: Average hourly wage by sub-sector, 2021



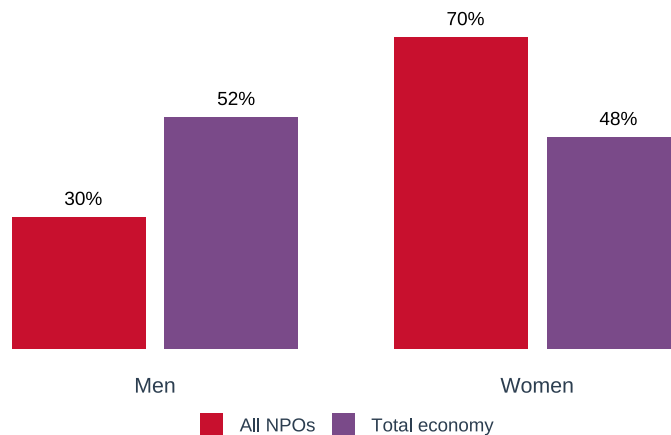
Nonprofit workforce demographics

The nonprofit workforce is different from the rest of the Canadian workforce in a number of significant ways. Nonprofit workers are much more likely to be women, they tend to be slightly older than other workers, and

they also tend to have higher levels of formal education. Significantly, while some of these factors tend to correlate with higher wages, compensation for nonprofit employees with these characteristics is structurally lower than Canadian norms.

Gender. The nonprofit workforce is heavily dominated by women, who account for over two thirds of nonprofit employees versus just under half of employees in the total economy (see Figure 5). Women account for significantly larger proportions of employees among government (72%) and community (69%) nonprofits than among business nonprofits (57%).

Figure 5: Employees by gender, 2021



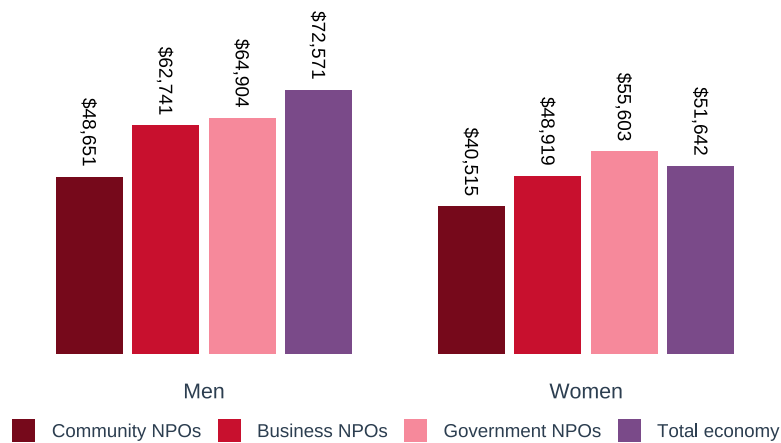
Notably, the nonprofit sector is the largest employer of women in the Canadian economy, accounting for 21% of total employee jobs held by women. This is markedly higher than retail trade (12%), accommodation and food services (8%) or public administration (7%), the three conventional industries employing the largest numbers of women.

i Defining gender

In the data used to produce this report, the definition of gender is based on the 2021 *Census of Population* and refers to an employee's personal and social identity as a man, woman or non-binary person. Because the non-binary population identified in the Census is small, Statistics Canada aggregated the data into a two-category gender variable to ensure respondent confidentiality.

While women make up a strong majority of nonprofit employees, they tend to earn less than men (see Figure 6). Combining this gender-related gap in salaries with the overall sector-related gap, the net effect is that average salaries for women employed in the nonprofit sector are 18% lower than the overall Canadian norm. Although the gender-related salary gap is smaller in the nonprofit sector than it is in the for-profit sector, it is significant and drives much of the difference between nonprofit and conventional industry salaries.⁶ The gender-related salary gap in nonprofit salaries is noticeably larger among business nonprofits (where women make 22% less than men) than community (17% less) and government (14% less) nonprofits.

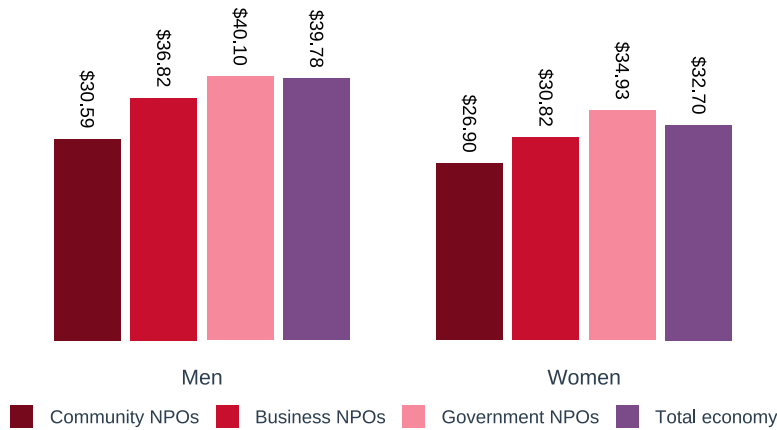
Figure 6: Average annual salary by gender, 2021



The primary driver of lower nonprofit salaries for women is lower hourly wages (see Figure 7), rather than working fewer hours. For the nonprofit sector as a whole, lower hourly wages drive about four fifths (81%) of the gender-related gap in annual nonprofit wages. Lower hourly wages drive 90% of the gap among government nonprofits, 73% among business nonprofits and 71% among community nonprofits.

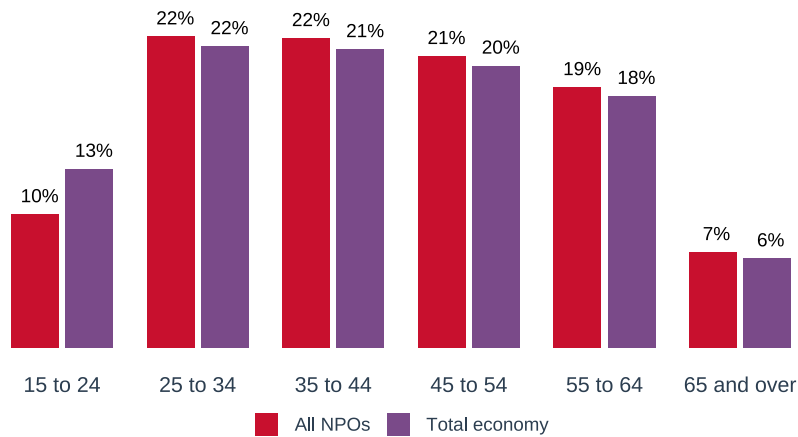
⁶Notably, average annual nonprofit salaries for men are only about 3% lower than the economy-wide average.

Figure 7: Average hourly wage by gender, 2021



Age. Overall, nonprofit employees tend to be slightly older than the typical Canadian employee. This is entirely due to the fact that a smaller proportion of nonprofit employees are aged 15 to 24 (see Figure 8). Generally speaking, the age distribution of business nonprofit employees tends to be the most similar to the economy-wide employee age distribution while the distribution of government nonprofit employees tends to be the most different, with slightly smaller percentages of the youngest and oldest age groups.

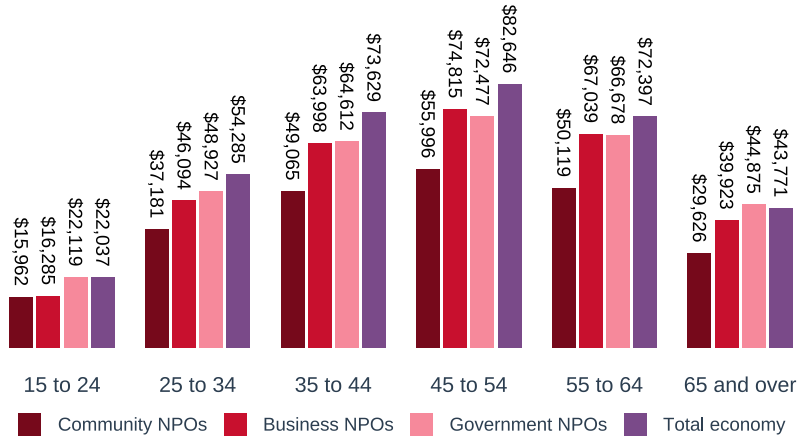
Figure 8: Employees by age group, 2021



Across every age group, in virtually all sub-sectors, nonprofit employees tend to make less than typical Canadian employees of the same age (see Figure 9). The youngest and oldest categories of government nonprofit employees mark the only exceptions to this pattern. Wage gaps tend to

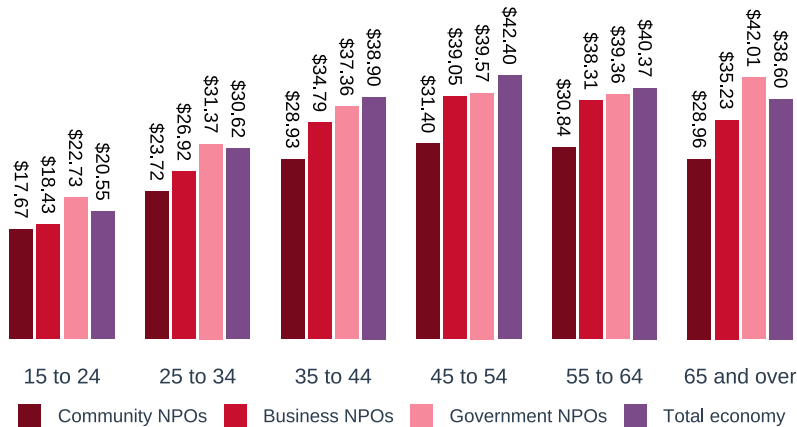
be larger among workers 25 to 54, with the average gap across all sub-sectors ranging between 18% and 20%. The average gap is smaller among the youngest (18%) and oldest (13%) employees.

Figure 9: Average annual salary by age group, 2021



Lower hourly wages account for the majority of the nonprofit salary gap for workers aged 35 to 64, accounting for between 53% and 65% of the difference, depending on the specific age group (see Figure 10). Fewer hours worked drives the bulk of the difference for the very youngest and oldest nonprofit workers, primarily because of quite high hourly wages for government nonprofit workers in these age categories; with community and business nonprofit workers, the impact of lower hourly wages is greater.

Figure 10: Average hourly wages by age group, 2021



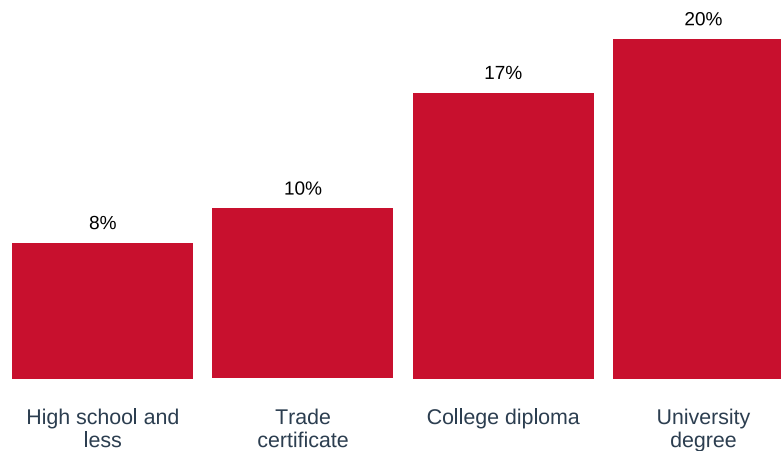
Educational attainment. Structurally lower nonprofit wages are particularly noteworthy given that nonprofit workers tend to have substantially higher levels of formal education (see Figure 11). Nearly half of nonprofit employees have a university degree, versus about a third of employees generally. Conversely, only a fifth have a high school education or less versus over a third of employees overall. Employees with a university degree are slightly under-represented in the community and business nonprofit sub-sectors (accounting for 45% of employees) and those with a high school education or less moderately over-represented (26% of employees).

Figure 11: Employees by educational attainment, 2021



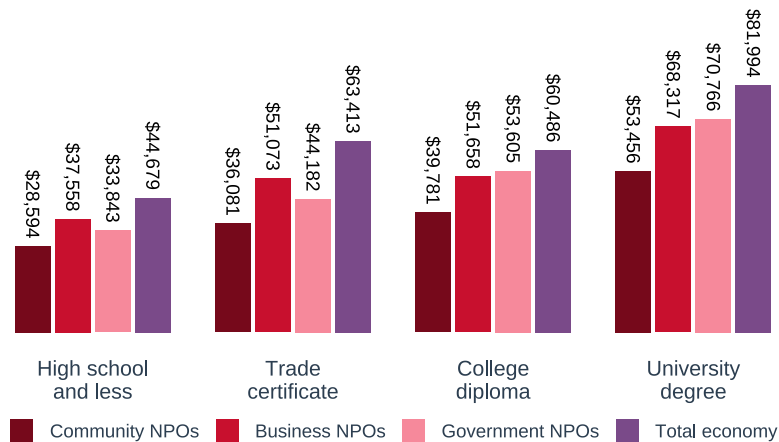
The nonprofit sector is a significant employer of those with higher levels of educational attainment, employing a fifth of total university-educated employees. This is significantly larger than professional, scientific and technical services (12%), public administration (9%), and finance and insurance (8%), the three conventional industries employing the most university graduates. The situation is similar with college graduates, with nonprofits employing a markedly higher percentage of graduates than the top three conventional industries of retail trade (9%), public administration (9%), or manufacturing (8%).

Figure 12: Nonprofit jobs as a percentage of total jobs by educational attainment, 2021



Regardless of their level of formal educational attainment, average salaries for nonprofit employees are lower than average salaries for employees with equivalent credentials economy-wide (see Figure 13). Generally, salary gaps are smaller for employees with at least a college diploma. Average annual salaries for nonprofit workers with a university degree are 19% lower and college diplomas 17% lower than salaries for the typical Canadian worker with equivalent credentials, versus 27% lower for those with a high school diploma or less and 32% lower for those with a trade certificate.

Figure 13: Average annual salary by educational attainment, 2021

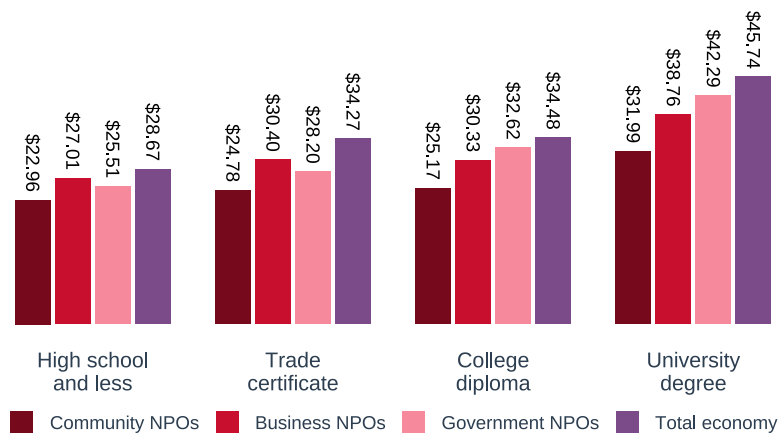


The salary gap for more highly educated workers is particularly large for those employed by community nonprofits, placing them at significant

disadvantage in the competition for talent. University educated workers for these nonprofits make 35% less, and workers with college diplomas 34% less, than the typical Canadian worker with equivalent credentials.

Lower salaries for more highly educated nonprofit workers are mainly driven by lower hourly wages (see Figure 14). Hourly wages drive 69% of the difference in average annual salary for university-educated workers and 62% for workers with a college diploma, versus 44% for those with high school or less and 55% for those with a trade certificate. This is mainly driven by workers for community and business nonprofits; lower hourly wages and reduced annual hours worked are roughly equal drivers of lower salaries among government nonprofit workers.

Figure 14: Average hourly wages by educational attainment, 2021



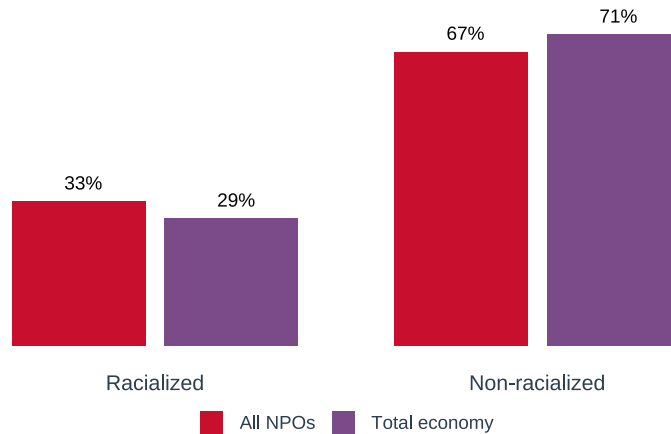
Racialization and the nonprofit workforce

Nonprofit employees are moderately more likely than the typical Canadian employee to be racialized (see Figure 15).⁷ The likelihood that employees are racialized does not vary significantly across the various nonprofit sub-sectors. While government (33%) and community (33%) nonprofit employees are slightly more likely than business nonprofit employees (32%) to be racialized, the distributions of racialized and non-racialized employees across nonprofit sub-sectors are virtually identical. How-

⁷In this report, because of how Statistics Canada has defined racialized employees in their economy-wide measures of employee equity characteristics, racialized employees are defined as being from visible minority and/or Indigenous backgrounds. For more details, see the textbox *Defining racialization*.

ever, as will be seen below, there are significant differences when one focuses on visible minority and Indigenous identity employees separately.

Figure 15: Employees by racialization status, 2021



i Defining racialization

Statistics Canada groups visible minority and Indigenous employees together in their economy-wide labour statistics but breaks them out separately in the nonprofit-specific data. In this report, we present topline nonprofit figures aggregating visible minority and Indigenous employees together for comparison with the total economy, but break them out separately for more detailed analysis where possible.

Visible minority employees are defined in accordance with the *Employment Equity Act* as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour”. Individuals who are Caucasian or white, or have self-identified as being Indigenous, are considered not to be visible minorities.

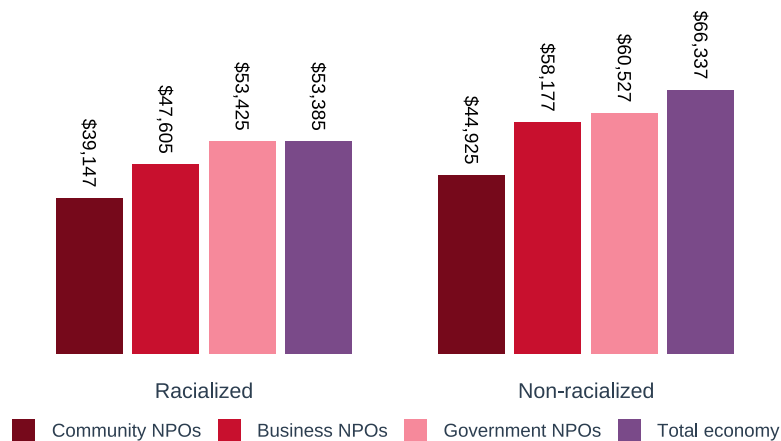
Indigenous identity employees are individuals who self-identify as being First Nations, Métis and/or Inuk and/or report being Registered or Treaty Indians and/or having membership in a First Nations or Indian band. About 2% of those identified as having an Indigenous identity report being Registered or Treaty Indians or are members of a First Nations or Indian band but do not self-identify as First Nations, Métis and/or Inuk.

For the purposes of this report, **Racialized** employees are either visible minorities or report an Indigenous identity. **Non-racialized** employees are Caucasian or white and do not have an Indigenous identity. It is important to note that this aggregation of visible minority and Indigenous employees is not a standard Statistics Canada classification. Readers should use caution when comparing the figures for racialized employees with other data sources.

Overall, nonprofits employ 16% of Canadian racialized employees. This makes the nonprofit sector a larger employer of racialized Canadians than retail trade (11%), manufacturing (9%), and accommodation and food services (9%), the three conventional industries employing the largest numbers of racialized employees.

As in the broader economy, racialized nonprofit employees tend to make less than non-racialized employees (see Figure 16). For nonprofits as a whole, the average salary for racialized nonprofit workers is 12% less than the average salary for non-racialized workers. The gap in average compensation is larger in the business nonprofit sub-sector (18%) than in the community (13%) or government (12%) sub-sectors.

Figure 16: Average annual salary by racialization status, 2021

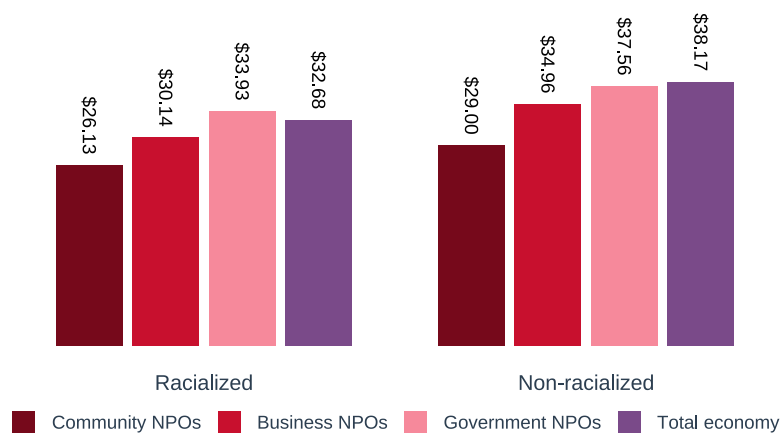


While racialization-related salary gaps are smaller in the nonprofit sector than in the overall economy (where the gap is 20%), this gap adds to the structural compensation gap between the nonprofit sector and the rest of the economy. The net effect is that the average salary for racialized nonprofit workers is 21% lower than the average salary for Canadian workers overall. The gap is markedly larger among racialized community

nonprofit workers (37%) than among racialized business (24%) or government (15%) sub-sector nonprofit workers.⁸

Lower hourly wages are a bigger driver of lower salaries for racialized workers in the nonprofit sector than they are in the economy as a whole (see Figure 17). Among nonprofits, lower hourly wages drive 79% of the difference in average annual salaries vs. 72% for the economy as a whole. Lower hourly wages play a larger role in government nonprofits (82%) than in community (76%) or business (75%) nonprofits.

Figure 17: Average hourly wages by racialization status, 2021

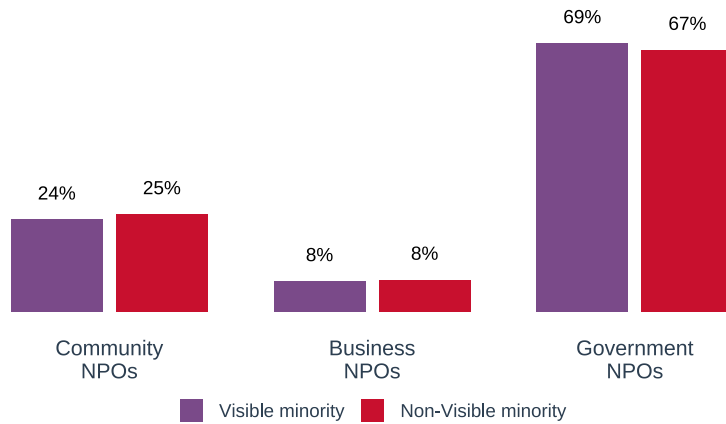


Visible minority status. Overall, 28% of nonprofit employees are visible minorities.⁹ Government nonprofit employees are slightly more likely to be visible minorities (29%) than are community (27%) and business (27%) nonprofit employees. The net effect of this difference is that visible minority employees are slightly under-represented in community nonprofits relative to non-visible minority employees and slightly over-represented in government nonprofits (see Figure 18).

⁸It is worth noting that the gaps between average nonprofit and economy-wide salaries are somewhat smaller among racialized workers than non-racialized workers, suggesting that the nonprofit sector may be relatively more attractive for racialized workers. This would presumably be particularly true of the government nonprofit sub-sector, where there is no gap in average annual salaries.

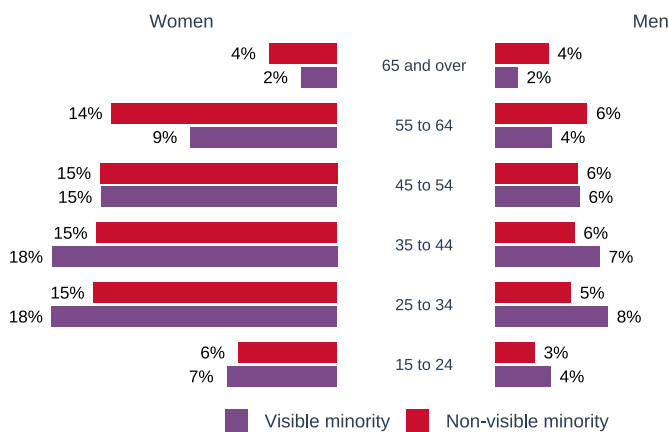
⁹For a definition of visible minority, please refer to the textbox titled *Defining racialization*.

Figure 18: Distribution of employees by nonprofit sub-sector and visible minority status, 2021



Nonprofit employees from visible minority backgrounds tend to be significantly younger than other employees (see Figure 19). Overall, just 17% of visible minority employees are 55 years of age or older, compared to 29% of non-visible minority employees. In large part this is because visible minority Canadians tend to be younger than other Canadians. Historical hiring patterns also play a significant role, with the number of visible minority employees growing slower among government nonprofits than among community and business nonprofits.

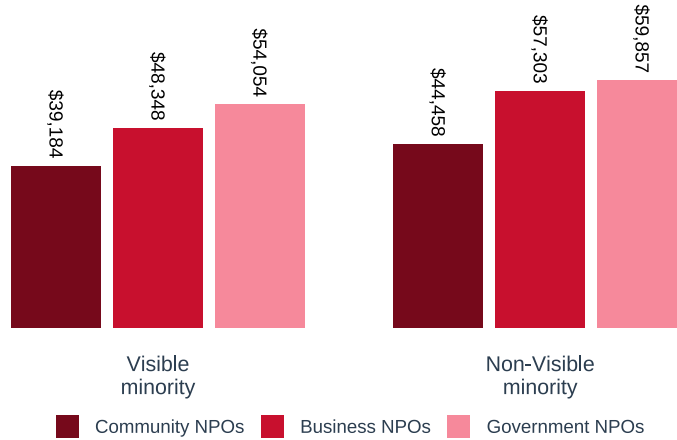
Figure 19: Distribution of employees by gender, age and visible minority status, 2021



Overall, nonprofit employees from visible minority backgrounds make 10% less than other nonprofit employees (see Figure 20). The salary gap

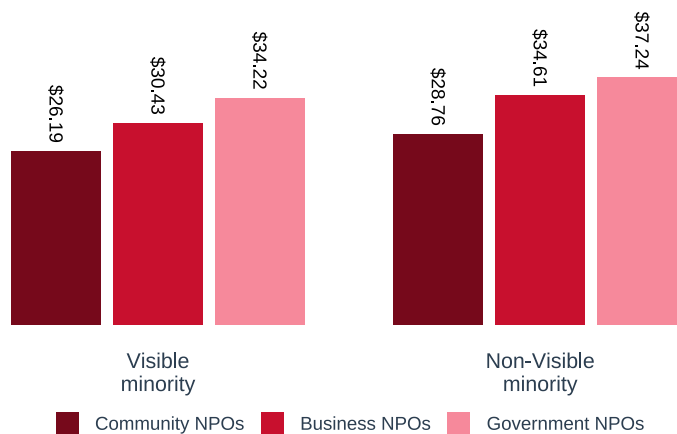
is somewhat larger among business nonprofits (16%) than among community (12%) and government nonprofits (10%).

Figure 20: Average annual salary by visible minority status, 2021



The bulk of the difference in wages between visible minority and non-visible minority nonprofit employees is due to lower hourly wages rather than working fewer hours. Overall, lower wages drive four fifths of the difference (80%) in nonprofit wages. Lower hourly wages are a larger driver among government nonprofits (84%) than among community (75%) or business nonprofits (76%).

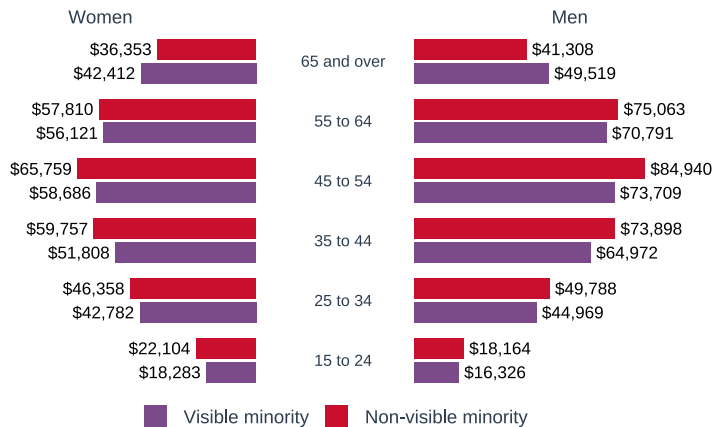
Figure 21: Average hourly wage by visible minority status, 2021



For nonprofit workers under the age of 65, average annual salaries for visible minority workers are less than those for non-visible minority workers. The size of visible minority-related salary gaps varies somewhat

from age group to age group, but averages about 10% across all age groups for both men and women under the age of 65. Visible minority women 65 years of age or older make 17% more than non-visible minority women of the same age while men make 20% more.

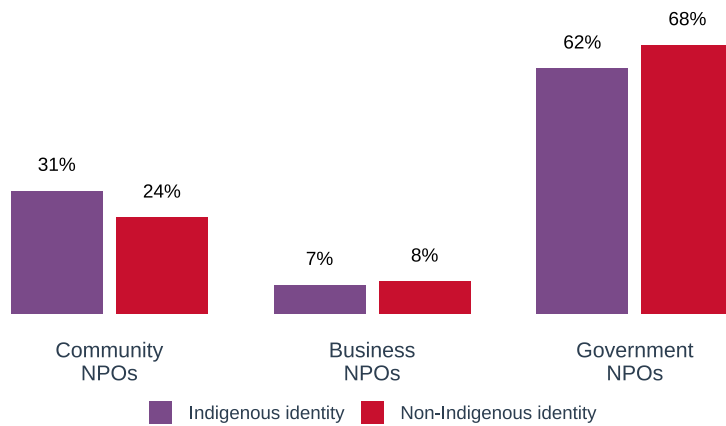
Figure 22: Average annual nonprofit salary by gender, age and visible minority status, 2021



Indigenous identity. Overall, 5% of nonprofit employees identify as Indigenous in some way.¹⁰ Community nonprofit employees are more likely to have an Indigenous identity than business and government nonprofit employees (6% vs. 4% for both business and government). While a two percentage point difference may seem small, it has a significant impact because the base percentage of nonprofit employees with an Indigenous identity is so small. Employees with Indigenous status are significantly over-represented, compared to those without an Indigenous identity, in the community nonprofit sub-sector and similarly under-represented in the government nonprofit sub-sector (see Figure 23).

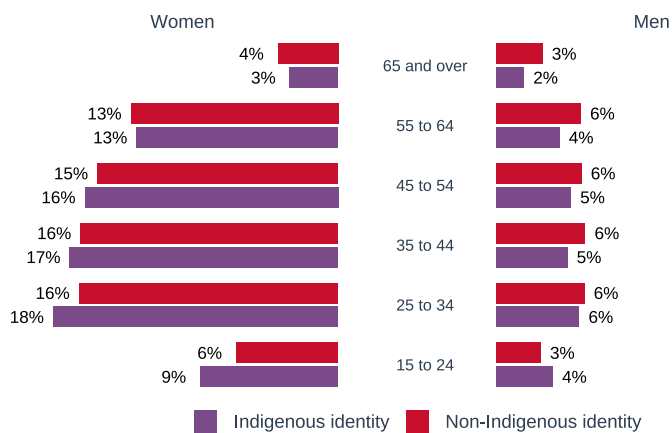
¹⁰For descriptions of the various forms of Indigenous identity, please refer to the textbox titled *Defining racialization*.

Figure 23: Distribution of employees by nonprofit sub-sector and Indigenous identity, 2021



Indigenous nonprofit employees are moderately more likely to be female and to be younger than nonprofit employees without an Indigenous identity. Overall, 74% of nonprofit Indigenous employees are female compared to 70% of employees without an Indigenous identity. Similarly, 36% of Indigenous employees are younger than 35, compared to 32% of non-Indigenous employees.

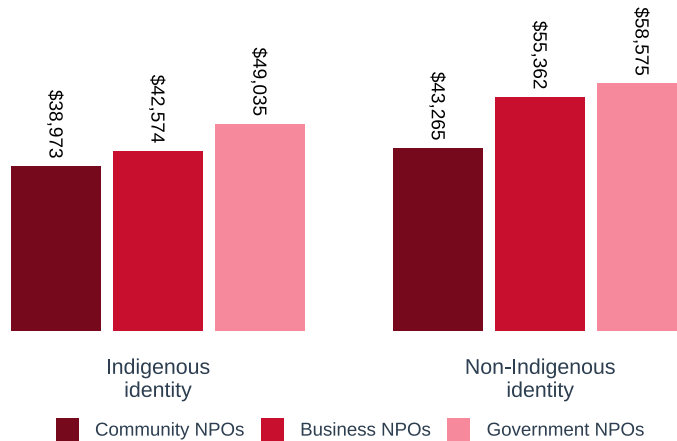
Figure 24: Distribution of employees by gender, age and Indigenous identity, 2021



Across all nonprofit sub-sectors, Indigenous employees tend to make less than non-Indigenous employees (see Figure 25). For the nonprofit sector as a whole, average annual salaries for employees with Indigenous identities are 17% lower than salaries for those without. The salary gap

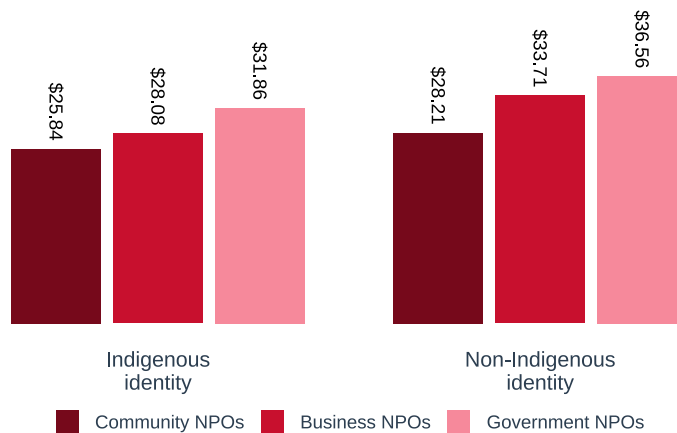
is largest in the business nonprofit sub-sector (23%) and smallest in the community sub-sector (10%). The gap in the government nonprofit sub-sector lies between these two extremes (16%).

Figure 25: Average annual salary by Indigenous identity, 2021



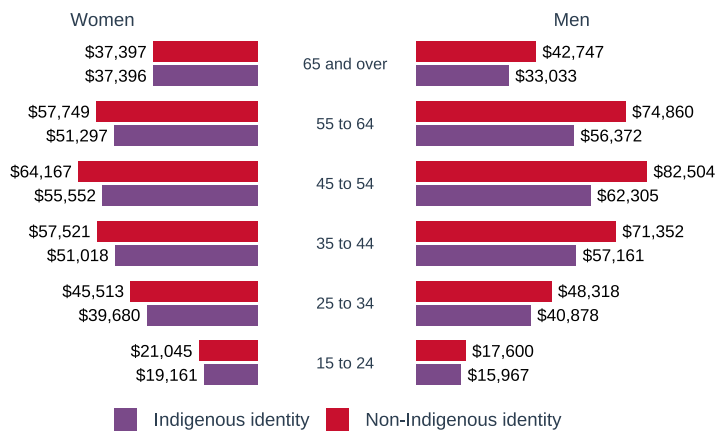
As with visible minority status, a strong majority of the differences in salaries between Indigenous and non-Indigenous employees is due to lower hourly wages, as opposed to working fewer hours. Lower hourly wages drive 80% of the difference in nonprofit salaries. In contrast to the situation with visible minority status, lower hourly wages are a larger driver in community nonprofits (84%) than they are in government (78%) and business (71%) nonprofits.

Figure 26: Average hourly wage by Indigenous identity, 2021



Across all age categories, average annual salaries for workers with Indigenous identities are lower than than for non-Indigenous workers (see Figure 27). The size of Indigenous status-related salary gaps varies across age groups, but tends to be larger for men, averaging 19% across all age groups vs. 10% for women. This is particularly the case for men between 35 and 64.

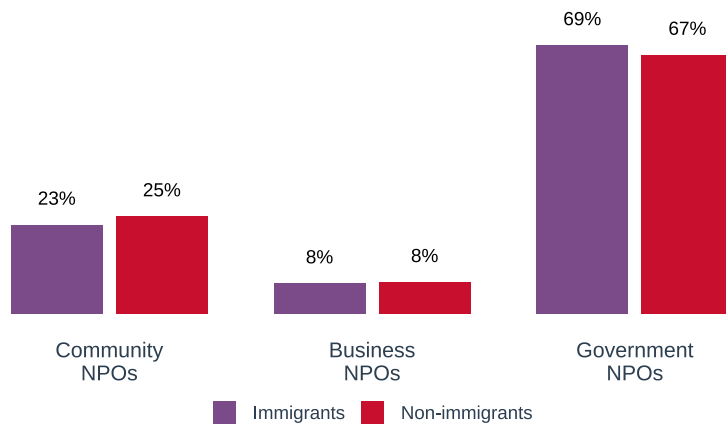
Figure 27: Average annual nonprofit salary by gender, age and Indigenous identity, 2021



Immigration and the nonprofit workforce

Just over a quarter of nonprofit employees (27%) have immigrated to Canada at some point in their lives, identical to the percentage of employees economy-wide who have immigrated. Within the nonprofit sector, community (25%) and business (26%) nonprofit employees are slightly less likely than government nonprofit employees (27%) to have previously immigrated. The net effect is that immigrant employees are somewhat under-represented compared to non-immigrant employees in the community nonprofit sub-sector and over-represented in the government nonprofit sub-sector (see Figure 28).

Figure 28: Distribution of employees by nonprofit sub-sector and immigration status, 2021

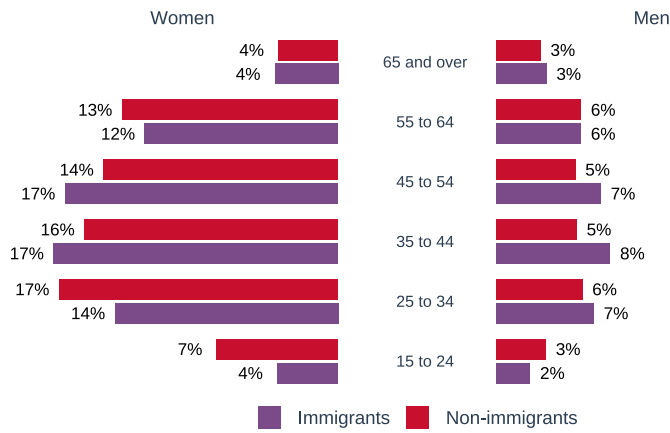


i Defining immigration status

Conventionally, Statistics Canada uses a three category measure of immigration status. *Immigrants* are defined as individuals who are or have ever been landed immigrants or permanent residents or have otherwise become naturalized Canadian citizens and *non-permanent residents* as individuals from another country resident in Canada who have a work or study permit or have claimed refugee status. *Non-immigrants* are individuals who are Canadian citizens by birth. In these data, Statistics Canada aggregated immigrants and non-permanent residents together into a single category labelled **Immigrants**. The **Non-immigrant** category remains unchanged.

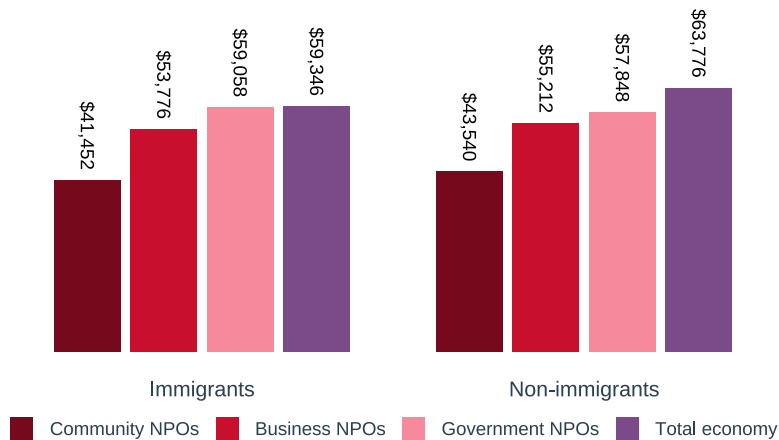
Compared to other nonprofit employees, those who immigrated to Canada are slightly more likely to be men and somewhat more likely to be between 35 and 54 years old (see Figure 29). The generally higher percentage of immigrant employees in the 35 to 54 age range is likely driven by the fact that immigrants tend to be slightly older than native-born Canadians. The relatively small numbers of female immigrants under the age of 35 compared to non-immigrants suggests they may be facing particular barriers of entry into the nonprofit workforce. Notably, this does not appear to be the case for immigrant men of the same age.

Figure 29: Distribution of employees by gender, age and immigration status, 2021



Economy-wide, immigrant employees tend to make 7% less than employees who were born in Canada (see Figure 30). The situation is reversed among nonprofits, with immigrants tending to make slightly more (1%) than non-immigrants. This is entirely driven by government nonprofits, where immigrants tend to make 2% more than non-immigrants and likely helps explain why immigrant employees are slightly over-represented in this sub-sector. Among community and business nonprofits the situation is similar to the rest of the economy, with immigrant employees tending to make less than non-immigrants (5% less for community nonprofits and 3% less for business nonprofits). While immigration-related salary differences within the nonprofit sector are quite small (and frequently favour immigrants) structurally lower wages in the nonprofit sector mean that

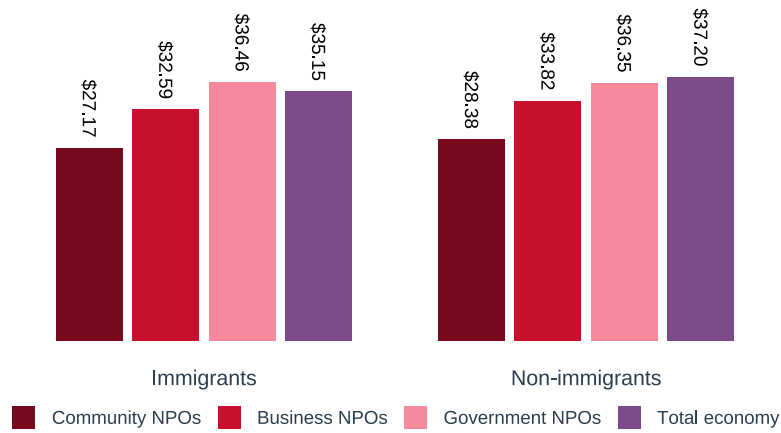
Figure 30: Average annual salary by immigration status and sub-sector, 2021



the typical immigrant nonprofit worker makes 13% less than the typical Canadian worker (as do non-immigrant nonprofit workers).

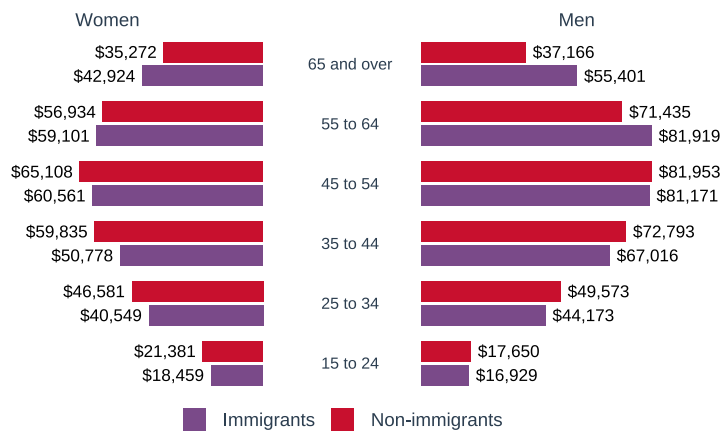
Lower hourly wages account for the vast majority of the immigration status-related differences in annual salaries for community and business nonprofit workers (see Figure 31). For government nonprofit workers, the situation is reversed and working more hours drives the bulk of the difference.

Figure 31: Average hourly wage by immigration status, 2021



Nonprofit salaries tend to be lower among immigrants than non-immigrants for both men and women under the age of 55 (see Figure 32). Conversely, average annual salaries for those 55 and older are higher among immigrants than non-immigrants. Negative immigration-related salary gaps are larger, and positive gaps smaller, for women than for men. For immigrant women, most of the difference in average annual salaries is driven by lower hourly wages. For men, hourly wages and hours worked play much more equal roles.

Figure 32: Average annual nonprofit salary by gender, age and immigration status, 2021



Summary and discussion

These data clearly show that the nonprofit workforce is significantly different from the rest of the Canadian workforce. Nonprofit workers are much more likely to be women and to have a university degree or college diploma. They are also somewhat more likely to be from racialized backgrounds, particularly if they are younger. Overwhelmingly, the data also show that nonprofit compensation significantly lags compensation in other sectors of the economy. A large part of the compensation gap is driven by the fact that such a high fraction of nonprofit employees are women and tend to receive lower hourly wages than men. For racialized and internationally-born nonprofit workers the structural gap between nonprofit and for-profit/public compensation is further amplified by compensation disparities relative to their White and Canadian-born nonprofit colleagues.

Overall, the data reflect a nonprofit sector running significant and likely under-appreciated workforce risks. As the nonprofit workforce ages, it looks to be becoming more dependent on groups facing significant compensation inequities, chiefly women and racialized Canadians. While compensation inequities within the nonprofit sector are smaller than in the rest of the economy, the structural compensation gap between the nonprofit and for-profit/public sectors is significantly larger. This puts nonprofits at a significant competitive disadvantage when it comes to attracting and retaining staff. Adding to this the employment challenges we know from other research to be pervasive in the nonprofit sector, such as

high turnover, insecure working arrangements and limited development and training opportunities, it is clear we should be highly concerned.

To reduce these risks, nonprofit organizations need significant and immediate action from private and public funders that allows for decent work and helps combat existing inequities. In particular, funders should:

- Provide more core and unrestricted funding;
- Cover core operating costs associated with project-based funding;
- Provide more stable long-term funding and eliminate gaps in funding renewal processes; and
- Allow organizations to use project-based funding for employee benefits, professional development and a living wage.

Nonprofit leaders need to work to adopt decent work principles and adopt anti-racism/anti-oppression practices to help the nonprofit sector's diverse workforce thrive. Among other measures, leaders should:

- Implement practices such as pay transparency to eliminate racial- and gender-based compensation gaps;
- Pay fair and competitive wages that, at a minimum, provide a living wage;
- To the extent possible, minimize dependence on contract, term-based employment; and
- Ensure that the professional development and career opportunities on offer reflect the potential and talent of today's highly educated and motivated workforce.

Nonprofit leaders and funders can access free HR and employment resources related to decent work and equity on [HRIntervals.ca](https://www.HRIntervals.ca).

Data references

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