

People First: A Portrait of Canada's Nonprofit Workforce

White Paper



Produced by

Introduction

The nonprofit sector is a cornerstone of Canada's labour market, employing **2.7 million people**; **15%** of all employees and **12.7%** of the total labour force. As the country's largest employer, it surpasses construction, manufacturing, and retail.

Despite its vital role, the sector faces ongoing challenges, including low wages and internal inequities. Addressing these issues requires funding reform, stronger decent work standards, and adoption of anti-racism and anti-oppressive practices.

Defining the Nonprofit Sector

The nonprofit sector is neither uniform nor undifferentiated; it encompasses three major categories:



Community nonprofits provide goods and services at little to no cost, independent of the government. Examples include religious, social service, and environmental organizations.



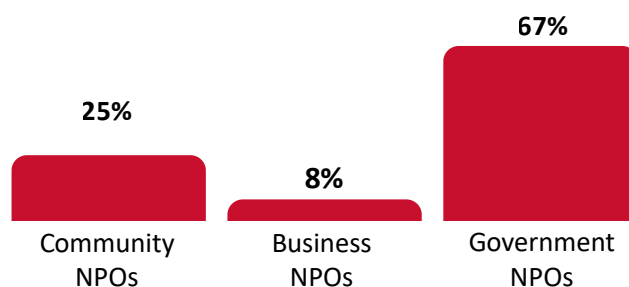
Business nonprofits sell goods and services at prices that cover production costs. Examples are business associations, chambers of commerce, and condominium associations.



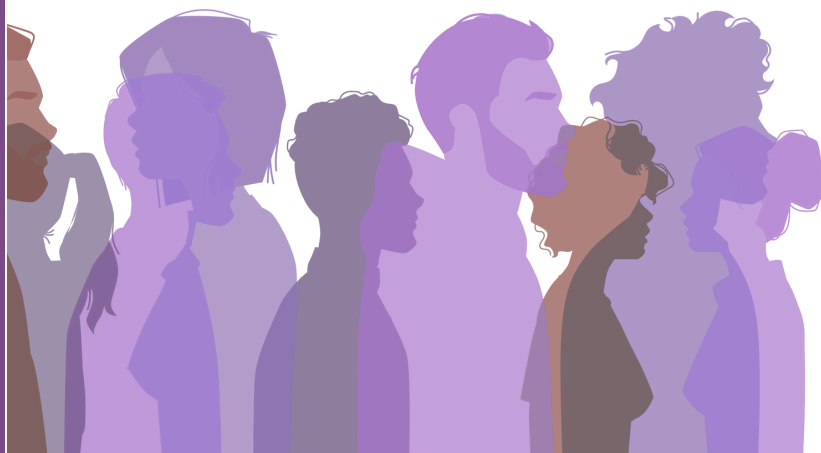
Government nonprofits are primarily funded by governments. While governments have significant influence on their activities, these organizations are institutionally independent. Examples include hospitals, residential care facilities, universities and colleges.

Nonprofit Sector as an Employer

Figure 1: Nonprofit Employees by Sub-Sector, 2021



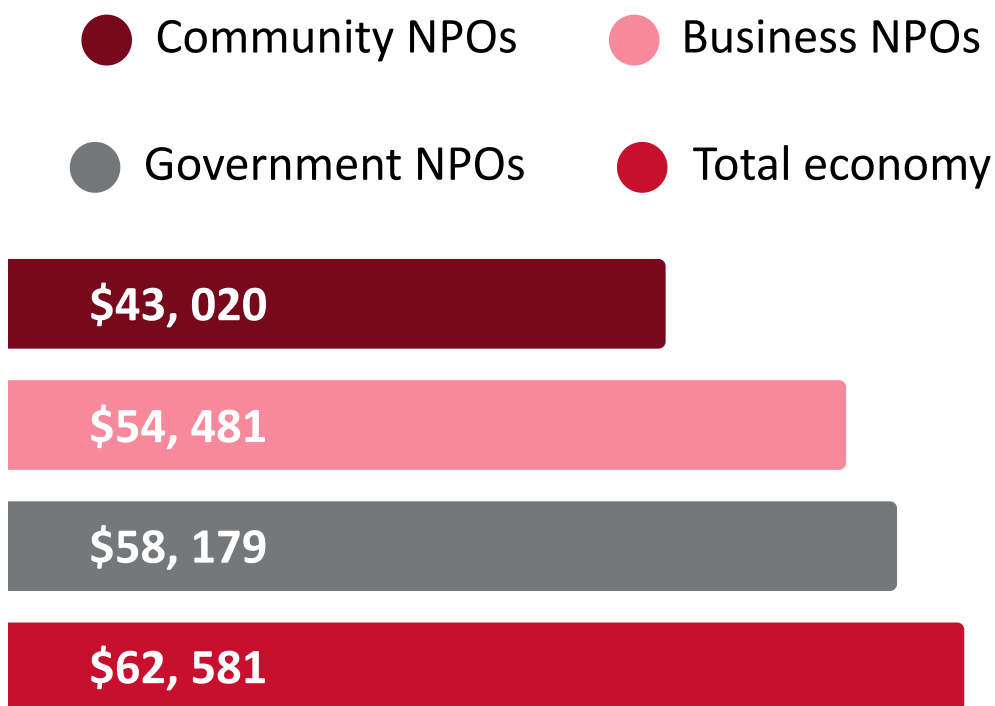
Most nonprofit employees (**67%**) work in government nonprofits, primarily in health and education (see Figure 1), while all other areas together make up just **33%** of the workforce. Part-time roles account for **22%**, with a higher proportion found in community nonprofits compared to other sub-sectors.



Compensation & Wage Gaps

Nonprofit employees earn less for **two** main reasons: **lower hourly wages** and **fewer hours worked per year**. In community and business nonprofits, lower wages account for **70-75%** of the salary gap. In government and business nonprofits, fewer hours worked per year account for about **90%** of the wage gap.

Figure 2: Average Annual Salary by Sub-Sector, 2021



Nonprofit employees earn about **13% less** than the national average. The gap is **largest in community nonprofits** (31%) (see Figure 2).

Demographics & Wage Disparities

Nonprofit workers are **predominantly women, slightly older, and have higher levels of formal education**, yet their compensation remains structurally below national norms.

Women in nonprofits earn **18% less** than the Canadian average

Men's salaries are only **3% below** the national average (see Figure 3).



Gender

The nonprofit sector is the **largest employer of women** in Canada, accounting for 21% of all paid employee positions. Women represent over **two-thirds** of nonprofit employees, compared to less than half of all Canadian workers.

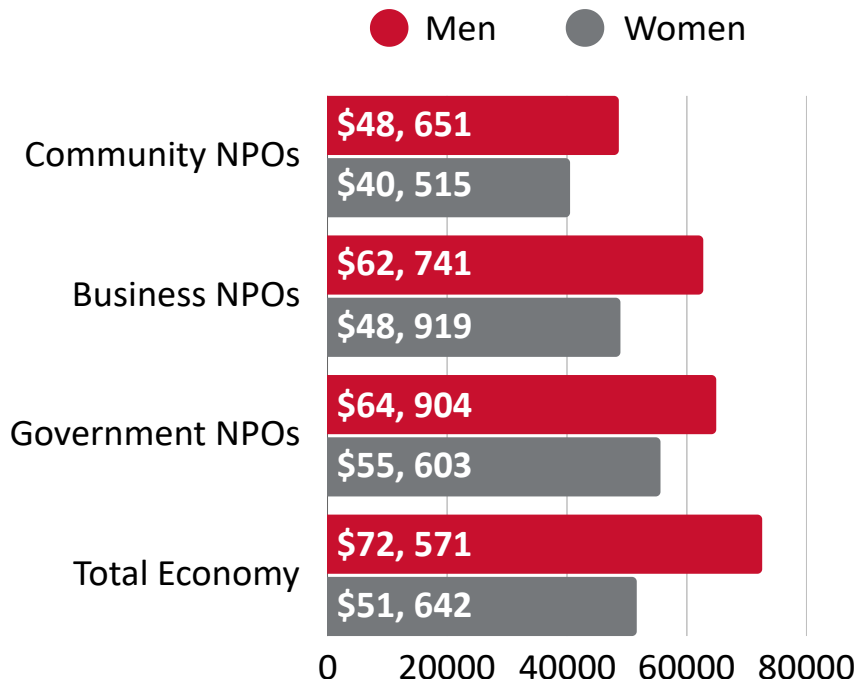


70% of nonprofit employees
48% of total economy



30% of nonprofit employees
52% of total economy

Figure 3: Average Annual Salary by Gender, 2021



Lower hourly wages drive most of the gender pay gap in nonprofits, accounting for **81%** of the gap in annual wages.

Age

In virtually all sub-sectors, nonprofit employees earn less than Canadian workers of the same age. The gap is widest for those aged 25 to 54, averaging a difference of **18%-20%** across all sub-sectors.

For nonprofit workers aged 35 to 65, lower hourly wages largely explain the salary gap. Among the youngest and oldest nonprofit workers, the gap is driven by fewer hours worked, reflecting the relatively high hourly wages for government nonprofit workers in these age groups.



Nonprofit employees are generally **older** than the average Canadian worker, largely because **fewer are aged 15 to 24**.

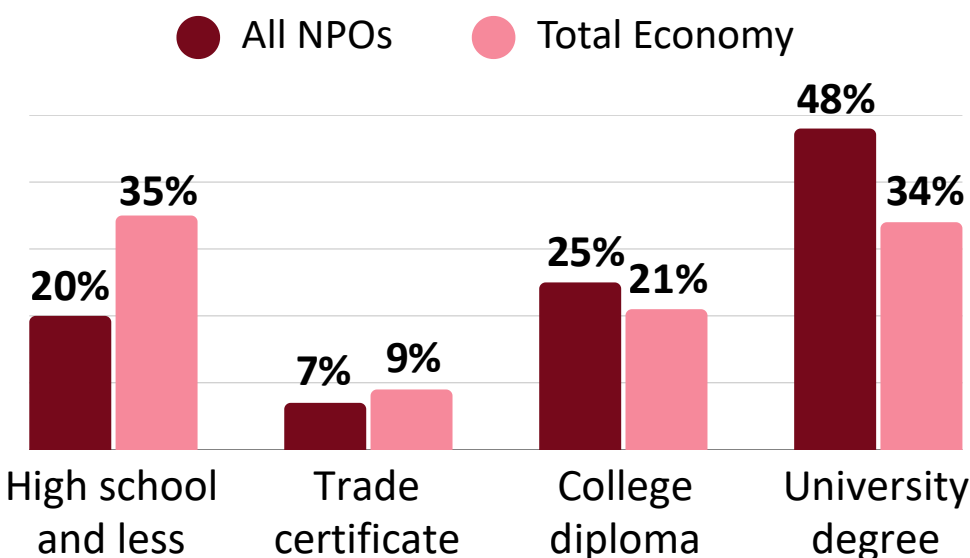


48%

of nonprofit employees hold a university degree (see Figure 4), compared to one-third of all workers, and the sector employs **one-fifth** of all university-educated graduates and 17% of college-educated graduates.

Highly educated workers face the largest salary gaps in community nonprofits, where university graduates earn **35% less** and college graduates earn **34% less** than workers in the broader economy.

Figure 4: Employees by Educational Attainment, 2021



Gaps in nonprofit workers' salaries are driven mainly by lower hourly wages, accounting for **69%** of the difference for university graduates and **62%** for college graduates, especially in community and business nonprofits. In government nonprofits, both lower wages and few hours contribute more evenly to the gap.

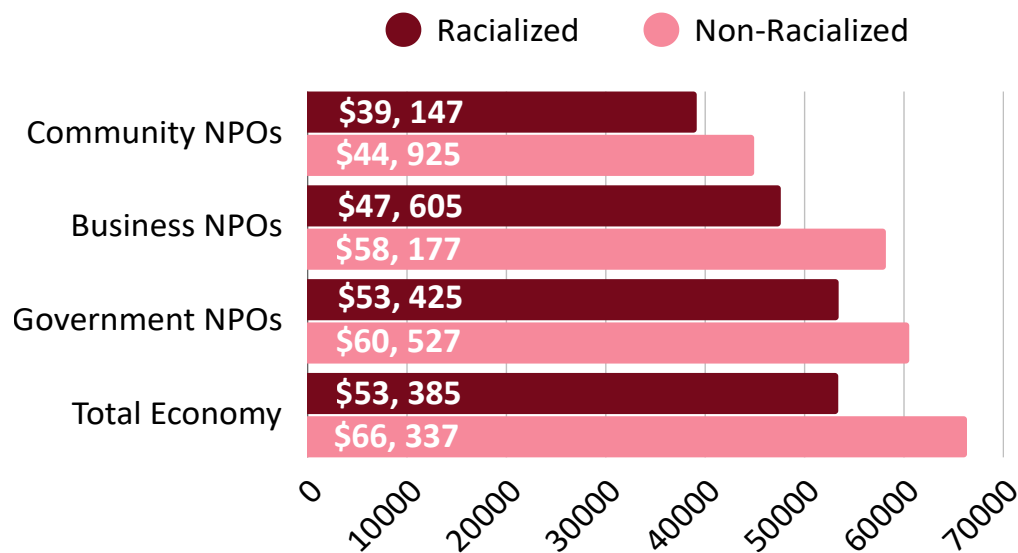
Racialization & Wage Disparities

For the purposes of this report, racialized employees are either visible minorities or report an Indigenous identity. Non-racialized employees are white and do not have Indigenous identity.

Nonprofits are the largest employer of racialized Canadians at 16%. Nonprofit employees are slightly more likely than the average Canadian worker to be racialized.

Lower hourly wages are a major factor in the salary gap for racialized employees (see Figure 5), accounting for **79%** of the difference in average annual salaries, compared with 72% across the overall economy.

Figure 5: Average Annual Salary by Racialization Status, 2021



Compared to the average salary for non-racialized nonprofit employees, racialized nonprofit employees make **12% less**.

Visible Minority Status

28% of nonprofit employees identify as visible minorities, and tend to be **significantly younger** than other employees, with only 17% aged 55 and older, compared to 29% of non-visible minority employees.

Low hourly wages cause the main bulk of difference.

Overall, compared to the average nonprofit employee, employees from visible minority backgrounds make **10% less**.

Indigenous Identity

5% of nonprofit employees identify as Indigenous. Community nonprofit employees are more likely to have an Indigenous identity.

For the nonprofit sector as a whole, salaries for employees with Indigenous identities are **17% lower** than salaries for those without Indigenous identity.

Lower hourly wages cause major differences in salary between Indigenous and non-Indigenous employees. The size of Indigenous status-related salary gaps varies across age group, but is larger for men, averaging **19%** across all age groups versus **10%** for women.



Indigenous nonprofit employees are more likely to be younger and female compared to nonprofit employees without an Indigenous identity.

Immigration

27% of nonprofit employees have immigrated to Canada. Compared to other nonprofit employees, those who immigrated are more likely to be men and be between 35 to 54 years old.



Due to structurally lower wages in the nonprofit sector, immigrant nonprofit workers earn about **13% less** than the typical Canadian worker. For community and business nonprofits, lower wages explain most of this gap, while in government nonprofits, longer work hours drive the difference.



Implications and Recommendations

Overall, the nonprofit sector runs significant workforce risks including:

Recruitment & Retention **Capacity Tension** **Equity & Trust** **Funding & Structural Constraints**

Recommendations to reduce these risks include:

Domain	Key Actions
Funding and Policy	Advocate for flexible, multi-year funding that supports competitive, sustainable wages
Compensation	Implement transparent pay frameworks, equity audits, and rebalancing plans
Culture and Leadership	Embed equity in leadership, strengthen staff voices, and promote inclusive governance
Decent work	Expand full-time roles, benefits, and professional development opportunities
Capacity and collaboration	Share human resources tools, benchmarking, and training across organizations

Conclusion

Canada's nonprofit workforce is large, diverse, and mission-driven, but systemically undervalued. Closing the gaps in compensation and equity is not just a matter of fairness - it is essential for sustaining the sector's ability to deliver on its promise.

Acknowledgement

Information retrieved from *People First: A Portrait of Canada's Nonprofit Workforce*, prepared by Imagine Canada. <https://imaginecanada.ca/sites/default/files/people-first-a-portrait-of-canada-s-nonprofit-workforce.pdf>

Note about the data

Where possible, the most recent Statistics Canada data is used in this White Paper. As such, some numbers reported here differ from those found in the *People First: A Portrait of Canada's Nonprofit Workforce* as Statistics Canada released updated data after the report was published.