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CHANGE THE WORLD FROM HERE

MASTER OF NONPROFIT ADMINISTRATION

Transparency in Pay: How Nonprofit Organizations and Leaders can Support Employees Through a Culture of Openness

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NPA 622: Nonprofit Data Analysis-Capstone

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What is Pay Transparency?

- "The ability for employees (and the public) to find out what other employees in their workplace make"

- The Path of Transparency

- Basic Beginnings

- New Mandates

Nonprofits and Pay Transparency

- Over $100,000?
- Few Studies on impact
- Government funding
- Issues with donors/full cost
- Structure Understood
- Pay Gap Reductions

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Objectives and Values

Pay Transparency can change nonprofits' culture into one of openness, that supports employees and ends wage gaps.

Purpose Statement: To see how nonprofit organizations are implementing pay transparency and how this is changing the sector

Research Questions:

1. How does pay transparency help reduce perceived inequality in nonprofit pay?

2. Does pay transparency increase or improve equality in actual employee pay?

3. What are the best practices for nonprofit leaders to go about increasing pay transparency?

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Methods

This research adopted content analysis as the main method to collect quantitative job posting data from LinkedIn. The secondary method was a survey to collect quantitative data on employee opinions about pay transparency's adoption. Finally, semi-structured interviews were conducted to add qualitative data to support key findings.

Sample Selection

- Top 30 largest nonprofits and universities from forbs 500 list
- Surveys collected from USF groups and social shares online

Data Collection

Samples collected through a blank LinkedIn account with a search for pay range, location, job level and other data that shows this nonprofits pay transparency

Not Well

Data Analysis
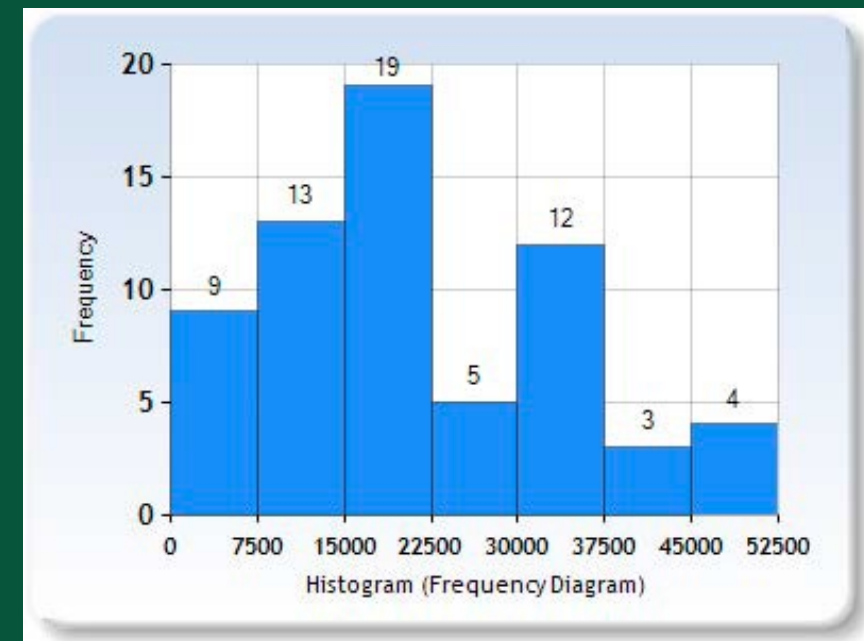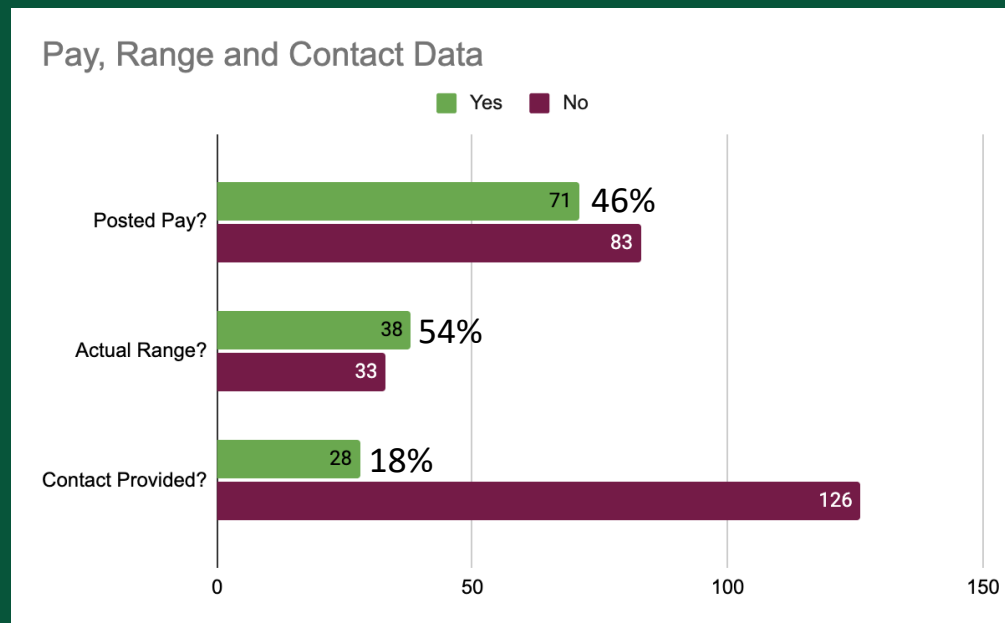
Job posting range gaps

Data Analysis LinkedIn Data

1. Good posts statically significant to have more data overall
   True for Pay ranges as well (P<.001)

2. No Significance by job level

3. Social Service Organizations doing the best (most government funding?)

4. Starting off behind

5. Worse for small nonprofits?

Survey Data Analysis
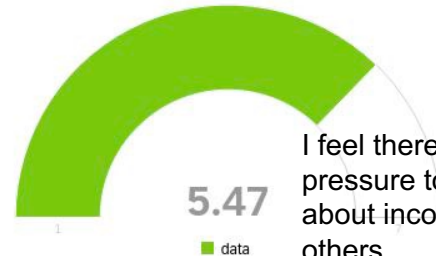
4.71 — How likely would you be to willingly share your salary with coworkers?

5.47 — I feel there is cultural pressure to not talk about income with others.

6.15 — I would accept a job that posts wage/benefits for all to see?
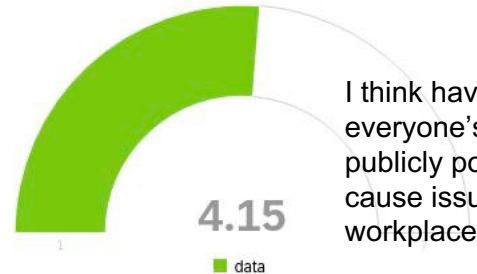
4.15 — I think having everyone's salary publicly posted would cause issues in workplaces.

- Individuals not happy with job postings
- Pay rates found throughout the job process
- Cultural Pressure
- Interviews confirmation
- "Inevitably of Pay Transparency"

Implications

- Well set up to have these discussions
- Standardization- add on to 990s
- Plan to build on- look to success stories
- Have set goals (openness, talent, even pay?)
- Full impact needs to be well understood
- Pay compression, less flexibility
- Losing applicant's late stage

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The Pay Transparency Journey

Leverage your openness in marketing and job descriptions

Share pay with stakeholders, show full costs

Bring others into conversations, see if goals are being achieved

Be ready to defend decisions back up changes with data

Be prepared for changes work with others to find common standards

Create pay matrices, collect data, discuss implementation, decide on goals

Prepare for the journey

Meet legal requirements

Share job pay range

Share all jobs' pay range

Share pay positioning

Achieve full transparency

We don't have pay ranges for all of our jobs but are working on it

We share information about pay ranges only when and where required.

Employees are told the pay ranges for their job

Employees are told ranges for all jobs

Employees are told about the distribution of employee pay across ranges, but not the actual salaries

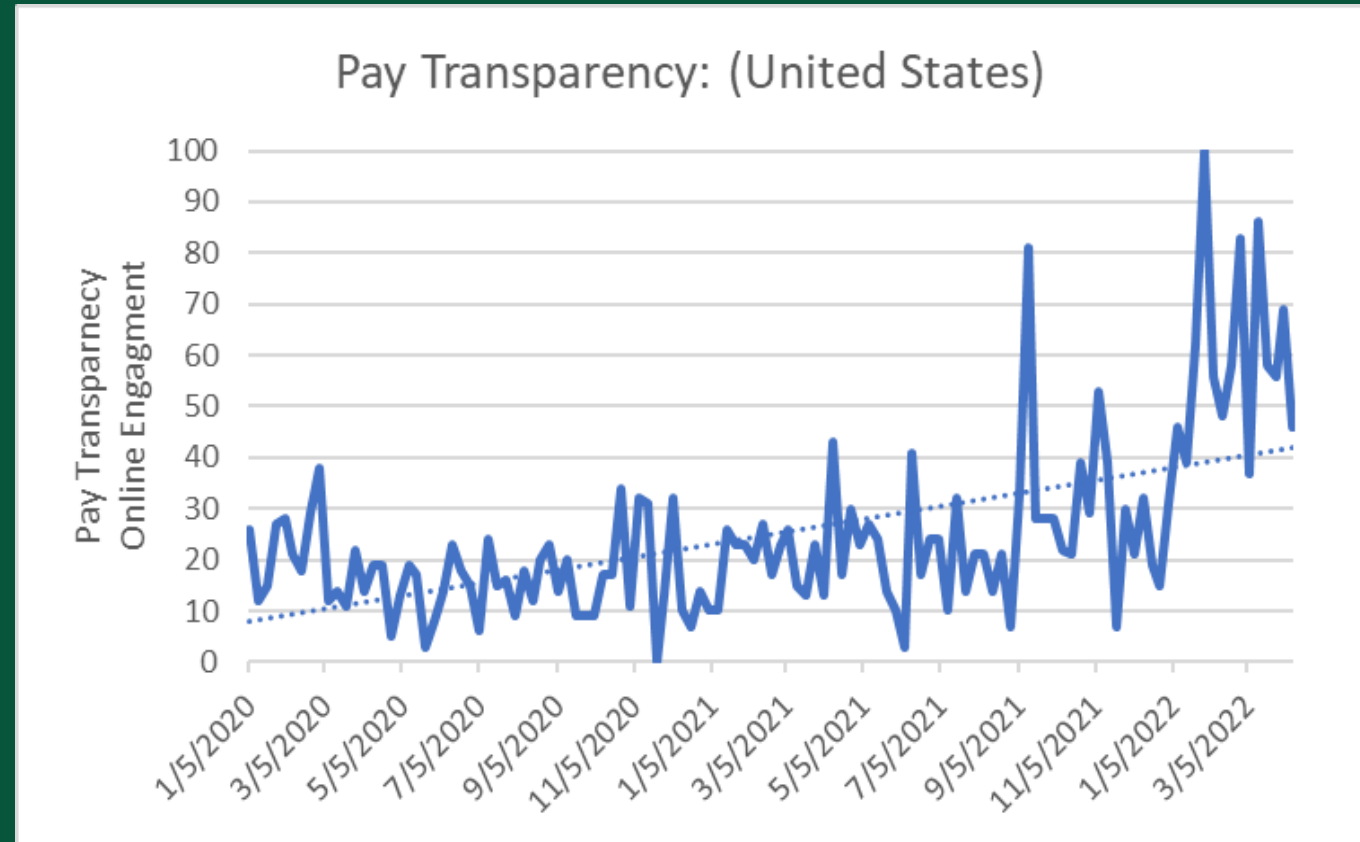We openly share who gets paid what salary, across the organization

Recommendations

- Why shouldn't employees know?
- Beginning needs buy-in
- Prepare now for the future
- Get employees to feel change
- Be ready for questions

The Future

- "Year of transparency"
- New demands on organizations
- Changing Cultures
- New ways to build trust

Pay Transparency: (United States)

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MNA MASTER OF NONPROFIT ADMINISTRATION

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Transparency in Pay: How Nonprofit Organizations and Leaders can Support Employees Through A Culture of Openness

Connor Daugherty, MNA

UNIVERSITY OF SAN FRANCISCO
School of Management

Overview of the Project

The Case for Pay Transparency in Nonprofits

Pay Transparency continues to be a debated issue throughout society and nonprofits are not insulated from this debate. As more states start to implement pay transparency laws through mandated pay rang posting, increased benefit description and more IRS disclosure Nonprofit leaders need to be aware of current and future changes that seem inevitable from worker demands. This project looks at how developed pay transparency policies are, its effects on pay gaps, job descriptions, motivation, power balances, cultural pressures and overall pay rates. While in the near future many changes are likely, some guidance is offered to nonprofit leaders on how to being this implementation.

By looking at the largest nonprofits implementation of early stages of pay transparency, combined with a survey to poll general employees on this topic one is able to see how far behind many nonprofit organizations are from having even basic levels of pay transparency. While already mandated in some sense by 990 filings and donor demands, there is much left uncovered by these basic policies. Combing this early data with investigations into the reasons why, and why not to have pay transparency, leaves one with a good understanding of how to begin implementing and advocating for pay transparency in their nonprofit.

Objectives and Values - Goals

The goal of this project is to demonstrate the importance of Transparency, how ready the sector is for this change and how institutions can go about achieving transparency.

The objective of the research is to demonstrate how organizations and individuals can:

1) Understand how pay transparency can be begun .
2) Advocate for increasing pay transparency.
3) Understanding its impacts both positive and negative
4) Communicate positive impacts to others

Project outputs

1) Model for implementing the basics of pay transparency
2) Review of job descriptions and how they need to be improved
3) New areas of research for pay transparency that are nonprofit specific
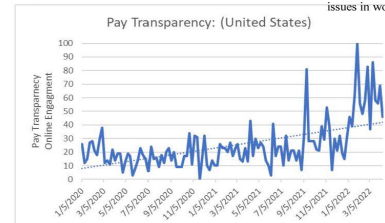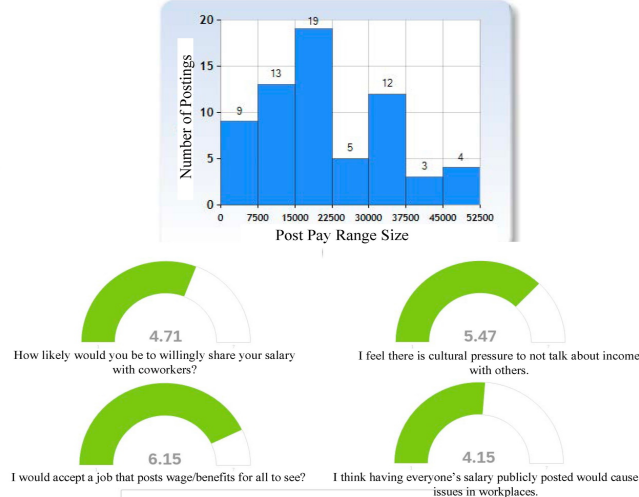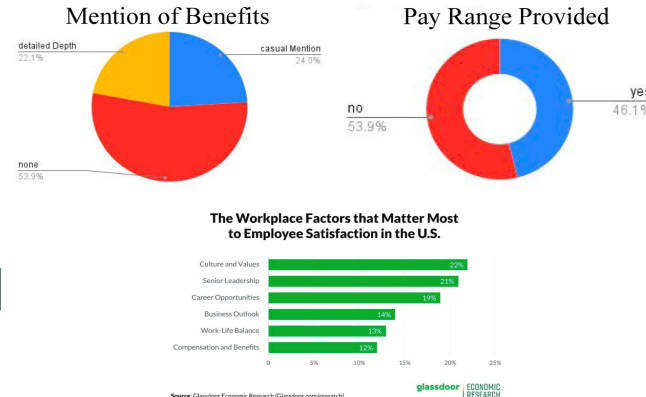
Methods and Approaches

To achieve the broader objectives of this project, the following methods were employed:

- **Literature review:** An in-depth review of 60+ relevant articles and reports illustrating the impact pay transparency has and the ways different organizations have implemented these policies
- **Primary data collection:** As data about pay transparency comes from the for-profit world much of the collection came from primary sources
  - Data collection from Linkedin job postings from large nonprofit organizations- looking to see how well job postings displayed information for employees.
  - A survey was given to see employees attitudes towards pay transparency and what they felt the benefits and negatives are. Used to back up polls and ideas found in the literature review.
  - Four interviews were conducted to bring expert opinions and ideas about the future of pay transparency and how it functions in nonprofit organizations
- **Data analysis:** The primary data had statical tests run to show themes and explain responses. Interviews were transcribed and weaved into the background research collected during the literature review.

Method limitations: I only pulled 5 jobs from each nonprofit, this could mean that for each I could have only pulled the best or worse (of said organization), as I opted to only go for the first five posted by Linkedin. A full comparison would be able to aggregate all jobs from these nonprofits and compare it year after year to see if changes really are happening. My survey faced similar issues to my job collection data, as I was only able to collect for a short amount of time, it's hard to say how generalizable these opinions on pay transparency are. I also would have liked to be able to see if there was any difference between how nonprofit, government, self-employed and for-profit employees felt about this topic. Finally my literature review, while in depth illustrates how little data there is on this topic and even more so nonprofit specific data.
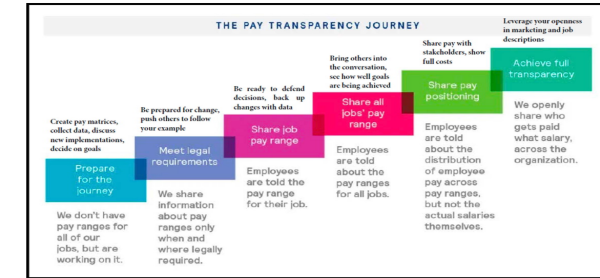
Data Results & Analysis

The results below reflect if these large nonprofits are posting pay ranges, how large the range they are giving is and if they mentioned benefits.

Mention of Benefits
- casual Mention 24.0%
- detailed Depth 22.1%
- none 53.9%

Pay Range Provided
- yes 46.1%
- no 53.9%

The Workplace Factors that Matter Most to Employee Satisfaction in the U.S.

Factor	Percentage
Culture and Values	22%
Senior Leadership	21%
Career Opportunities	19%
Business Outlook	14%
Work-Life Balance	13%
Compensation and Benefits	12%

Source: Glassdoor Economic Research (Glassdoor.com/research).

glassdoor | ECONOMIC RESEARCH

Number of Postings vs Post Pay Range Size
(9, 13, 19, 5, 12, 3, 4)

- **4.71** How likely would you be to willingly share your salary with coworkers?
- **5.47** I feel there is cultural pressure to not talk about income with others.
- **6.15** I would accept a job that posts wage/benefits for all to see?
- **4.15** I think having everyone's salary publicly posted would cause issues in workplaces.

Pay Transparency: (United States)

Recommendations

The "Path" of Pay Transparency

THE PAY TRANSPARENCY JOURNEY

KEY ASPECTS OF THE PATH / RECOMMENDATIONS

1) **Leadership** needs to be aware of the impact of transparency in the organization
2) **Empower employees** with information that will help end biases
3) **Future demands** will necessitate planning for pay transparency
4) **Transparent pay culture- Built over time**
    - Develop a clear **strategy** to develop matrices for pay, hiring decisions and benefits
    - Build a **structure** to support implementation of new forms of pay transparency and be willing to have conversations about pay levels and information sharing
    - Define the **purpose** for adopting the policies- more truth? better understanding?
    - **Engage** stakeholders in the process- so they are not blindsided by new policies
    - **Monitor** adoption and access its impacts throughout all levels of the organization
    - **Be ready** for future demands from government, stakeholders and donors
    - Contribute to the wider understanding of best implementation and reporting processes

FOR FUTHER RESEACH
Organization - level

1) Need to evaluate impacts of pay transparency on specifically nonprofit organizations
2) Need to gauge how enforcement policies will look for not achieving pay transparency
3) Need to **define what transparency is both organizationally and sector-wide**

1) Need to assess how to build best practices for implementation
2) Need to understand speed of adoption as well as cultural push-back

CONCLUSION: Nonprofits need to be ready to adopt these policies not just for future compliance, but to end inequity, support a culture of openness and advocate for a more just society. While unique impacts to the nonprofit sector are not well known, impacts on motivation, feelings of fairness and employee retention and attraction make these policies worthwhile to begin planning for or implementing.

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