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The gender pay gap is a sleeper threat to nonprofit effectiveness and sustainability

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Women rule the nonprofit sector – in numbers, if not in pay. The majority (approximately 72 percent) of charitable nonprofits in the US are led by women but women represent only 48 percent of board members and 42 percent of board chairs, according to the 2017 report, [Leading with Intent](#). (BoardSource). GuideStar’s compensation reports find that women CEOs of nonprofits were paid 8 percent less than their male counterparts. As a result, the gender pay gap has a destabilizing effect on the leadership of the charitable nonprofit community. If we widen the data to include *all positions*, not only CEOs/executive directors, and apply the pay gap documented by the AAUW and others to a *largely female work force*, we can see how significant the gender pay gap is for *charitable nonprofits and foundations as a whole*. Obviously, the pay gap results in significantly less economic power in the short-term. Now consider the long-term: when magnified over the length of any woman worker’s tenure, and compounded annually, the pay gap creates significantly fewer dollars devoted towards employer-supported retirement savings and discretionary dollars for women to invest in their own retirement or health insurance.

The gender pay gap also creates less incentive for women to “lean in,” step up, or even *remain* in the nonprofit workplace. It reinforces the unfortunate stereotype that people who work for nonprofits are chronically underpaid, and since women outnumber men in the nonprofit workforce, who’s to say that the entire charitable nonprofit community’s compensation levels are not undeservedly dragged downwards? The persistence of the gender pay gap is a constant threat to morale and therefore to the performance of women who are being asked to tolerate the slow-burn of either blatant or embedded sexism in their workplaces.

This is not fair. Nor sustainable. Nor legal. What is your nonprofit doing about the gender pay gap?

It may be tempting to think, “*Well, that’s not happening here!*” Sigh. How do you know? When thinking of all the ways to **improve your nonprofit’s effectiveness and sustainability**, one place to start is by making sure that the compensation and benefits provided by your nonprofit do not contribute to the gender pay gap. All you need to do is take time to audit the workforce, comparing: compensation, qualifications/experience, and gender. The audit should aim to uncover: (1) potential pay disparities within the same or similar job classifications; (2) whether there are legitimate explanations for any disparities you find; and (3) whether there are any systemic weaknesses that allow gender pay inequity to exist undetected. If so, then take steps to correct the disparities (such as adjusting compensation) and make sure disparities won’t happen in the future (creating checks and balances on promotions and raises, for instance, so that gender equity is considered).

Other “best practices” that support gender pay equity include: incorporating equity into your nonprofit’s values and/or strategic objectives; analyzing job descriptions to make sure they don’t slant towards one gender or another; making sure that the process for conferring raises is transparent enough across programs/departments (as applicable) so that compensation is even across the organization; consider offering parental/family leave rather than “maternity leave” and providing flexible leave arrangements throughout employment so that employees with child care responsibilities have access to quality work, and the same benefits, and are not unfairly shunted into pathways less likely to result in professional growth or leadership opportunities. Also, starting pay often continues the cycle of under-compensation. Rather than basing a newly-hired employee’s compensation off what she earned in her prior job, make sure you evaluate what her compensation should

be in the context of your nonprofit's compensation structure. Women are paid about 7 percent less than men as soon as they graduate from college, according to another AAUW study, [Graduating to a Pay Gap](#), which found that a difference exists even among men and women who majored in the same field.

Consider these findings from [The Simple Truth](#):

- Workers who believe they are paid fairly are more likely to contribute their best efforts to their job.
- Studies show the pay gap exists whether or not women have children.
- Studies also show that the pay gap exists not only at entry-level jobs, but across all occupations, including those requiring advanced education.

Don't forget to consider all employee benefits that contribute to workers' economic stability. Boomers and Millennials alike are keen on certain benefits, such as telecommuting, flexible work time, and health insurance. The perception is that nonprofits "offer good benefits" but in fact nonprofit employers are always competing with for-profit employers for talent, and since for-profit employers are constantly stepping up their game when it comes to making their workplaces more desirable, the pressure is real for nonprofits to step up our game also.

Let's make working for a nonprofit the *best* option, not employment of "last resort"!

Resources

- [Conduct a pay equity study to eliminate litigation risks](#) (SHRM)
- [Reducing the risk of pay discrimination claims: Employer Pay Equity Audits](#) (Ogletree Deakins)
- [The Gender Audit Handbook](#) (InterAction)
- [Leading with Intent, 2017](#) (BoardSource)