



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series

Report #6

INDIANA NONPROFITS: A PROFILE OF MEMBERSHIP ORGANIZATIONS

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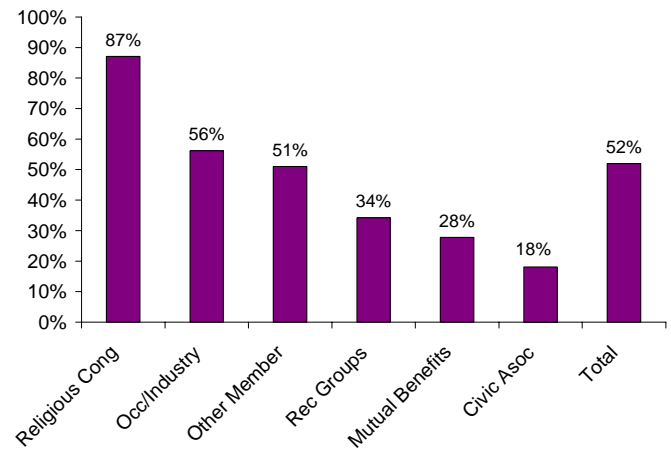
IV. HUMAN RESOURCES

In this section we look at the human resources on which Indiana membership organizations rely—paid staff, volunteers, and members of the boards of directors.³⁰ We examine key indicators for each of these types of human resources and analyze the differences between membership organizations and their counterparts without members. We also look at how these patterns vary among types of membership organizations.

Paid Staff: Overall, about half (52 percent) of all Indiana nonprofits employ any full or part-time workers and 75 percent of these have less than 12 FTEs³¹, while only 8 percent have more than 50 FTEs. Overall, Indiana nonprofits with paid staff employ an average of 49 full-time workers and 16 part-time workers, but the medians are much lower: half have only 3 or fewer full-time workers and 3 or fewer part-time workers (not necessarily the same nonprofits).

- **Any Paid Staff:** While one-half (52 percent) of all Indiana nonprofits have paid employees, the remaining half rely exclusively on volunteers (about the same for membership and non-member organizations). However, the prevalence of paid staff differs significantly by type of membership organization.
 - **By Type of Membership Organization:** The great majority (87 percent) of *religious congregations* have paid employees. In contrast, *civic associations* (18 percent), *mutual benefits* (28 percent) and *recreation groups* (34 percent) are less likely to have paid employees. See Figure 80.

Figure 80: Percent of membership organizations that have paid employees (n=1,601)



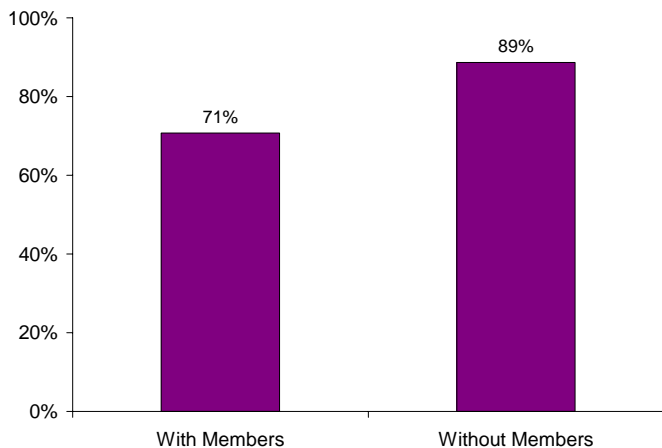
- Among religious congregations, occupation/industry groups, and mutual benefits, there are notable variations among sub-groups:
 - Nearly all mainline Protestant (92 percent), Catholic (91), and evangelical Protestant (89 percent) congregations have paid employees, compared to only 61 percent of other religious affiliations.
 - Chambers of commerce stand out from other occupation/industry groups, with nearly all (93 percent) reporting paid employees, compared to only 40 percent of labor unions and 56 percent of occupation/industry groups overall.
 - Among mutual benefits, over two-fifths (43 percent) of financial organizations and related groups have paid employees, in contrast to only 21 percent of fraternal beneficiary societies and 11 percent of veterans' organizations.
- **Paid Executive Director:** About two-fifths (41 percent) of all Indiana nonprofits have a paid executive director or similar person with executive responsibilities. Of those that report paid employees, three-fourths have this position. This pattern varies by whether or not organizations have members and by type of membership organization.
 - **Members vs. No Members:** While the majority of membership organizations with paid employ-

³⁰ In an earlier report we looked at human resources in greater detail. See Kirsten A. Grønberg & Richard M. Clerkin, Indiana Nonprofits: Managing Financial and Human Resources, August 2004.

³¹ We computed the number of paid FTE staff by summing the number of full-time plus one-half the number of part-time employees reported by respondents. It is only a rough estimate of actual staff capacity, since some part-time staff may work almost at the full-time level and others very few hours per week or per month. Respondents were asked to report both the number of full-time and part-time employees; however, in cases where they reported only the number of full-time or only the number of part-time employees, we assumed that the non-reported value was zero for purposes of calculating the total FTE staff.

ees (71 percent) have paid executive directors, this is fewer than for organizations without members (89 percent). See Figure 81.

Figure 81: Percent with paid employees that have a paid executive director by organizations with and without members (n=1197)



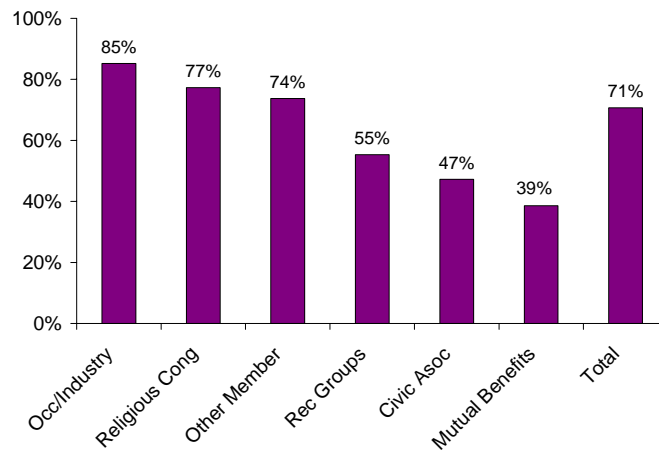
– **By Type of Membership Organization:** Among membership organizations that report having paid employees, there is notable variation among types of membership organizations in whether or not they have a paid executive director. *Mutual benefits* (39 percent), *civic associations* (47 percent) and *recreation groups* (55 percent) with paid employees are significantly less likely to have a paid executive director or similar position than other types of membership organizations.³² See Figure 82.

- Among occupation/industry groups that have paid employees, labor unions are less likely to have a paid executive director (53 percent) than occupation/industry groups overall (85 percent).
- Among other member groups there is wide variation, with nearly all youth development (97 percent), community improvement (96 percent) and human services (92 percent) organizations reporting a paid executive di-

³² If we look at the overall likelihood to have a paid executive director (including in the base the organizations *without* paid employees), the disparities are even greater. The great majority of religious congregations (68 percent) have paid executives, while only 22 percent of recreation groups, 13 percent of mutual benefits, and 10 percent of civic associations have such a position (compared to 39 percent of all membership organizations).

rector or person in a similar capacity. In contrast, only one-quarter (25 percent) of animal, environmental, and civil rights organizations report the same.

Figure 82: Percent with paid employees that have a paid executive director by type of membership organization (n=895)



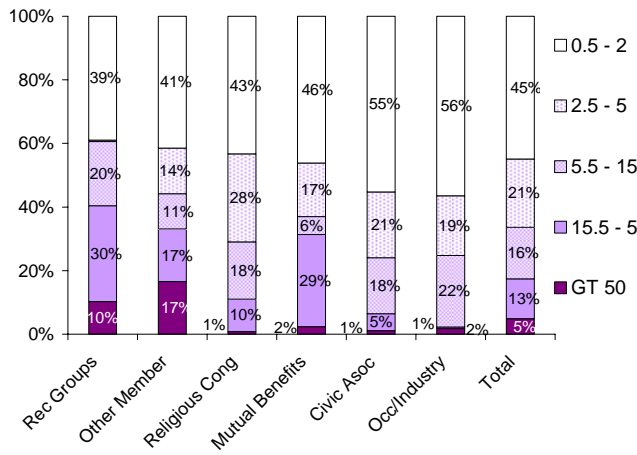
• **Size of Paid Staff:** As noted above, only about half of Indiana nonprofits have any paid employees at all. Not surprisingly, there are also major differences in the number of paid staff that nonprofits employ.

- **Members vs. No Members:** As shown in Figure 83, membership organizations that have paid employees tend to have a smaller staff than organizations without members. Two-thirds (66 percent) of membership organizations with paid staff have 5 or fewer full-time equivalent (FTE) employees, compared to 49 percent of organizations without members.
- **By Type of Membership Organization:** Staff size also varies significantly by type of membership organization. Recreation groups, other member groups, and mutual benefits that have paid employees tend to have larger staff sizes than other membership organizations overall. See Figure 84.
- The majority (60 percent) of *recreation groups* with paid staff employ 5.5 or more staff, compared to a third (34 percent) of membership organizations overall. Two-fifths of recreation groups with paid staff have more than 15.5 paid employees.

Figure 83: Size of paid FTE staff for Indiana nonprofits with paid employees by member status (n=1,110)



Figure 84: Size of paid FTE staff for membership organizations with paid employees by type of membership organization (n=824)



- *Other member groups* have the biggest concentration of large staff sizes. Some 17 percent of other member groups with paid employees have more than 50 FTE staff members, compared to only 5 percent of membership organizations with paid employees overall.
- Nearly one-third (31 percent) of *mutual benefits* with paid employees have staff sizes of 15.5 or greater, compared to only 18 percent of membership organizations that employ staff overall.
- As reported earlier, *religious congregations* are by far the most likely to employ paid staff. (See Figure 80. However, they tend to have smaller staff sizes compared to other membership or-

ganizations with paid employees, with 71 percent having 5 or fewer employees.

- Among religious congregations, Catholic congregations have larger staff sizes than the other religious affiliations. Some 78 percent of Catholic congregations that have paid staff employ 5.5 or more FTE employees, compared to less than a third (29 percent) of religious congregations with paid staff overall.
- *Civic associations* and *occupation/industry groups* with paid employees have very small staff sizes. Some 76 percent of civic associations and 75 percent of occupation/industry groups with paid staff have 5 or fewer FTE employees.
- **Labor Intensity:** We asked nonprofits about how much they spent during the most recently completed fiscal year on salaries, wages and benefits. By comparing this figure with the organization’s total expenses for the same period we can determine how labor intensive the organization is.³³
 - Members vs. No Members: Membership organizations with paid staff tend to be less labor intensive than their counterparts without members. Only one-third (33 percent) of membership organizations with paid employees are at least somewhat labor intensive (e.g. allocate half or more of total expenses to staff compensation), compared to over half (54 percent) of organizations without members that have paid staff. See Figure 85.
 - Two-fifths (39 percent) of membership organizations with paid staff are not very labor intensive (e.g. allocate 25-49 percent to salaries), and 28 percent are not at all labor intensive (e.g. salaries account for less than 25 percent of expenses). For each category, this is about ten percentage points less than their counterparts without members (28 percent and 18 percent respectively for not at all labor intensive).

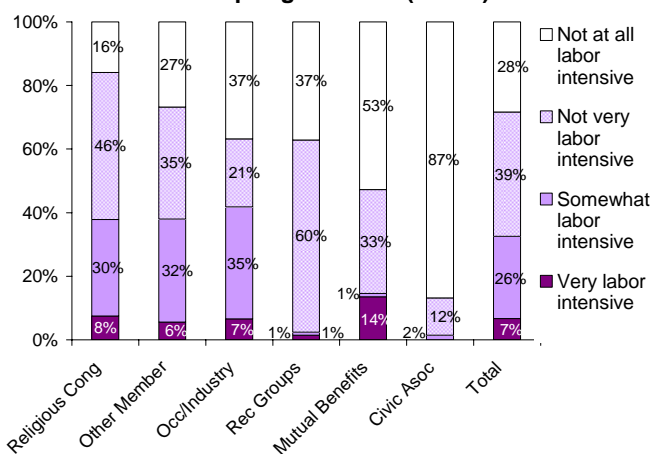
³³ We define nonprofits as very labor intensive if staff compensation absorbs over 75 percent of total expenses, as somewhat labor intensive if it absorbs 50-74 percent, as not very labor intensive if it absorbs 25-49 percent, and as not at all labor intensive if it absorbs less than 25 percent of total expenses.

Figure 85: Percent of labor intensity levels for nonprofits with paid employees by member status (n=808)



- **By Type of Membership Organization:** Membership organizations with paid staff vary greatly in their levels of labor intensity. Religious congregations, other member groups, and occupation/industry groups tend to be more labor intensive than other types of membership organizations. See Figure 86.

Figure 86: Percent of labor intensity levels for membership organizations with paid employees by type of membership organization (n=601)³⁴



- Only 16 percent of *religious congregations* with paid staff qualify as not at all labor intensive, (e.g. staff compensation accounts for less than 25 percent of total expenses), compared to 87 percent of civic associations and 28 percent of membership organizations with paid staff overall.

³⁴ These results should be interpreted with caution. Only 14 recreation groups and 20 civic associations were included in the analysis.

- While 14 percent of *mutual benefits* with paid staff are very labor intensive – the highest percent for any type of membership organization – the majority (53 percent) is not at all labor intensive.
 - Among mutual benefits, one-fifth of credit unions and financial organizations with paid staff are very labor intensive, compared to none of the veterans’ organizations or fraternal beneficiary societies with paid employees.

Volunteers: Volunteer workers are an important resource for Indiana nonprofits. They may be the only staff that an organization has, or they may supplement the work of paid employees. Moreover, volunteers are not only essential to the mission of many nonprofits, but also contribute to the development of social capital when they build social networks and trust.

- **Use of Volunteers:** About three-fourths (73 percent) of Indiana nonprofits use volunteers other than board members to carry out their missions. This varies according to whether or not nonprofits have members and by type of membership organization.

- **Members vs. No Members:** Membership organizations are more likely to make use of volunteers than nonprofits without members. This is as expected given their lower reliance on paid staff. Over three-fourths (76 percent) of membership organizations use volunteers, compared to 64 percent of their counterparts without members. See Figure 87.
- **By Type of Membership Organization:** *Religious congregations* (93 percent), *other member groups* (86 percent), and *occupation/industry groups* (82 percent) are significantly more likely to use volunteers than other membership organizations overall. See Figure 88.
- On the other hand, *civic associations* (55 percent) and *mutual benefits* (47 percent) are notably less likely to use volunteers.
 - Among mutual benefits, two-thirds (66 percent) of both veterans’ organizations and fraternal beneficiary societies use volunteers, compared to only one-fifth (21 per-

cent) of financial organizations and related groups.

Figure 87: Percent of Indiana nonprofits that use volunteers by organizations with and without members (n=2,071)

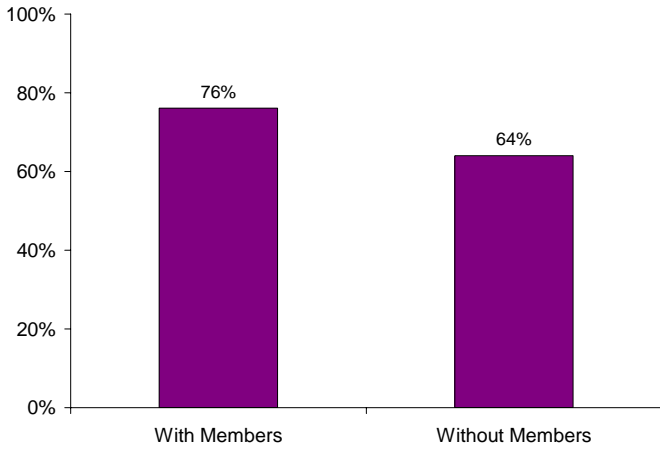
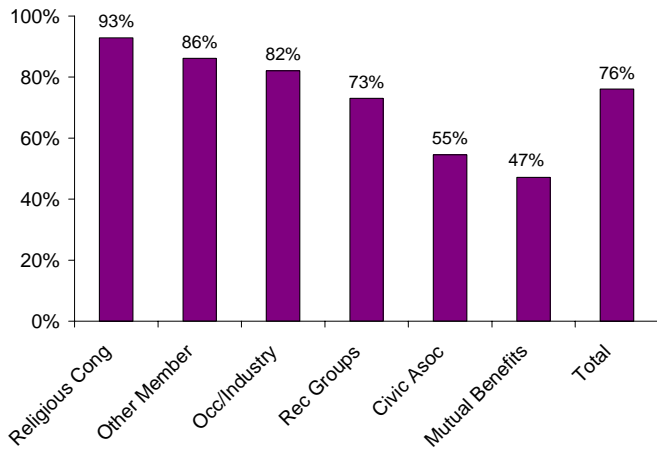


Figure 88: Percent of membership organizations that use volunteers by type of membership organization (n=1,590)



- Size of Volunteer Staff:** Of the three-fourths of Indiana nonprofits that use volunteers, the average nonprofit uses nearly 200 volunteers per year. However, half use less than 30 volunteers in a year, reflecting the fact that relatively few nonprofits use very large numbers of volunteers. Overall, almost a quarter (23 percent) use 100 or more volunteers during the year and more than two-fifths (44 percent) use 40 or more, but 32 percent use less than 20. These patterns vary by whether or not organizations

have members and by type of membership organization.

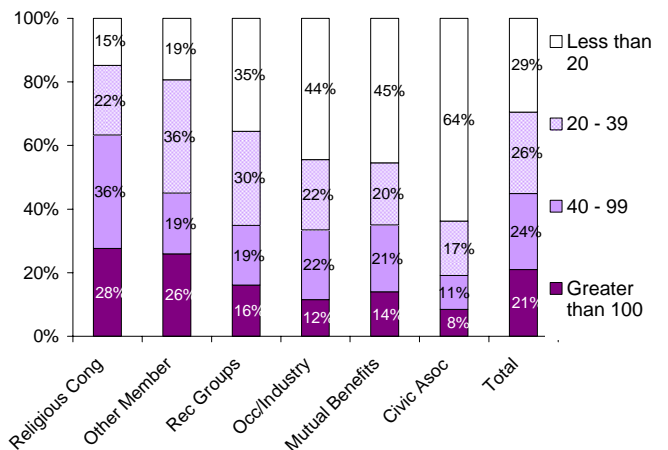
- Members vs. No Members:** Membership organizations have more mid-sized volunteer staffs than organizations without members. The latter tend to use either very few volunteers (43 percent used less than 20) or very large numbers of volunteers over the course of one year (31 percent used more than 100). See Figure 89.

Figure 89: Number of volunteers in Indiana nonprofits that use volunteers by organizations with and without members (n=1,153)



- By Type of Membership Organization:** Religious congregations and other member groups use more volunteers than mutual benefits, civic associations, and occupation/industry groups. See Figure 90.

Figure 90: Number of volunteers in membership organizations that use volunteers by type of membership organization (n=889)

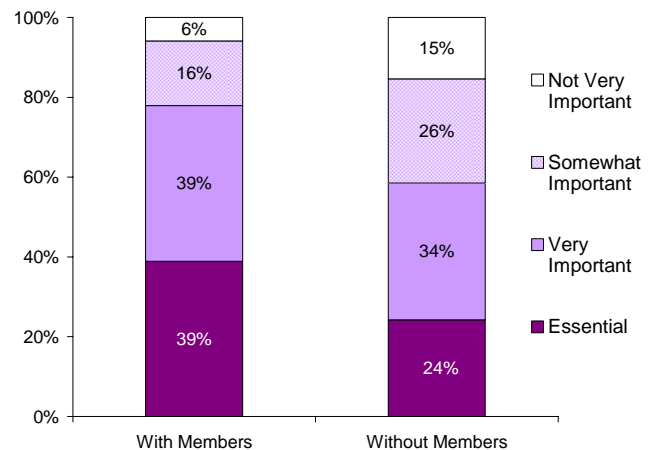


- The majority (64 percent) of *religious congregations* use more than 40 volunteers in one year, compared to 45 percent of membership organizations overall.
 - Among religious congregations, Catholic congregations are more likely to use large numbers of volunteers. Some 57 percent of Catholic congregations use greater than 100 volunteers, compared to 17 percent of mainline Protestant congregations and 28 percent of religious congregations overall.
- Some 81 percent of *other member groups* that rely on volunteers use at least 20 volunteers over the course of one year (compared to 71 percent of membership organizations overall.)
 - Among other member groups, counseling and support groups (68 percent) and educational institutions and fundraising groups (59 percent) are most likely to use large numbers of volunteers (40 or more), compared to other member groups overall (45 percent).
 - Nearly all (95 percent) of volunteer fire departments and related groups that use volunteers use less than 40 per year, compared to 55 percent of other member groups overall.
- The majority of *civic associations* with volunteers (64 percent) use less than 20 volunteers over the course of one year, compared to 29 percent of membership organizations overall that do the same.
 - Among civic associations, community service clubs tend to use more volunteers, with 36 percent using between 20 and 39 volunteers (compared to 17 percent of civic associations overall).
 - Homeowners' and neighborhood associations use small numbers of volunteers, with 78 percent using less than 20 volunteers (compared to 64 percent of civic associations overall).

- **Importance of Volunteers:** While three-fourths of Indiana nonprofits use volunteers other than board members, the importance of those volunteers to the mission of the organization differs. Of all nonprofits with volunteers, 36 percent say that volunteers are essential to their mission, while 38 percent say that they are very important. Just 18 percent of nonprofits with volunteers say that they are only somewhat important, and even fewer say that they are not very important (8 percent). This pattern varies by whether or not nonprofits have members and by type of membership organization.

- **Members vs. No Members:** Membership organizations with volunteers are more likely to say that those volunteers are integral to their missions than organizations without members. Over three-fourths (78 percent) of membership organizations with volunteers say that they are very important or essential, compared to 58 percent of organizations without members. See Figure 91.

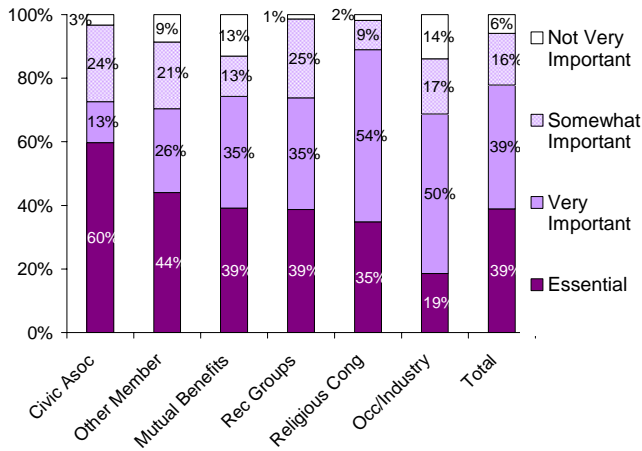
Figure 91: Importance of volunteers to Indiana nonprofits that use volunteers by organizations with and without members (n=1,531)



- Two-fifths (39 percent) of membership organizations with volunteers say that they are essential to their missions, while only 24 percent of organizations without members say the same.
- **By Type of Membership Organization:** As Figure 92 shows, *civic associations* with volunteers are much more likely to consider them essential to their mission (60 percent) than *occupa-*

tion/industry groups (19 percent) and membership organizations overall (39 percent).

Figure 92: Importance of volunteers to membership organizations that use volunteers type of membership organization (n=1,208)



- Among civic associations with volunteers, community service clubs are especially likely to say they are essential, compared to civic associations overall (66 vs. 60 percent respectively).

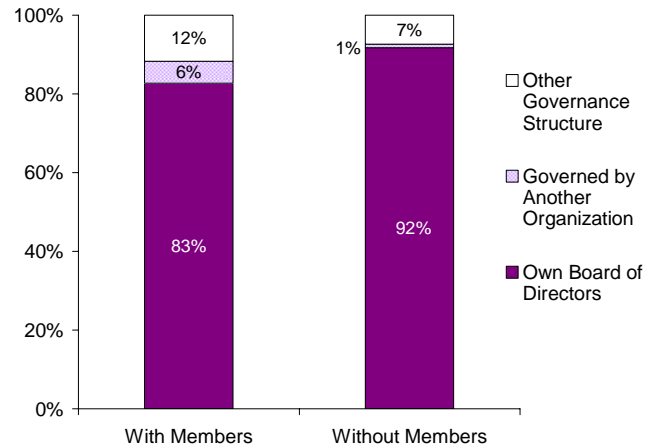
- While only 35 percent of *religious congregations* with volunteers say that they are essential, the great majority (89 percent) say they are at least very important (compared to 78 percent of membership organizations overall).

Boards of Directors: Like nonprofits everywhere, Indiana nonprofits are particularly dependent on a special type of volunteer – those that serve on boards of directors and carry fiduciary and legal responsibilities for the organization. The vast majority of Indiana nonprofits have their own board of directors, but most boards are small. Many boards use committees or establish special task forces to carry out their work.

- Types of Governance:** Overall, 85 percent of Indiana nonprofits have their own board of directors. One-tenth (11 percent) have some other governance structure, while the rest (4 percent) are governed by another organization. These patterns vary by whether or not organizations have members and by type of membership organization.

- Members vs. No Members:** Membership organizations are less likely to have their own board of directors than organizations without members. As Figure 93 shows, 83 percent of membership organizations have their own boards of directors, compared to 92 percent of organizations without members.

Figure 93: Governance structure used by member status (n=2,064)



- Membership organizations are somewhat more likely to be governed by another organization (6 percent) or to have some other governance structure (12 percent).

- By Type of Membership Organization:** While the vast majority (83 percent) of membership organizations have their own board of directors, this is somewhat less likely for *mutual benefits* (71 percent) and *religious congregations* (78 percent). See Figure 94.

- Some 15 percent of *mutual benefits* are governed by another organization, while another 15 percent have some other governance structure.

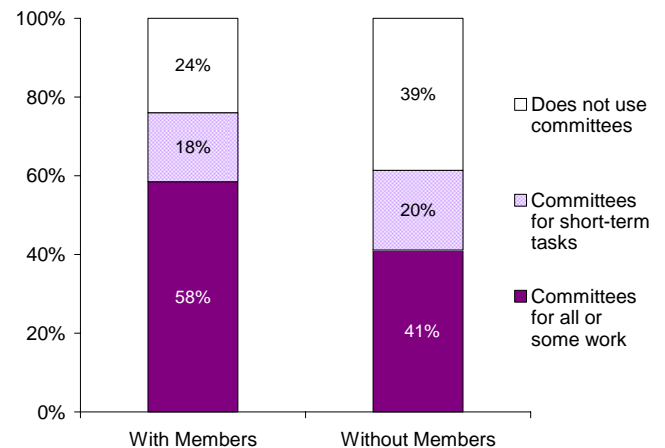
- Religious congregations* are the most likely of all membership organizations to have some other governance structure (17 percent vs. 12 percent of membership organizations overall). Notable variation exists among religious congregations as well:

- Among occupation/industry groups with boards of directors, labor unions stand out as most likely to have smaller numbers of board members: nearly all (94 percent) have fewer than 10 members, compared to 40 percent of occupation/industry groups with boards of directors overall.
- In contrast, 54 percent of chambers of commerce and 49 percent of professional associations have more than 15 members.
- A majority (57 percent) of *other member groups* with boards of directors have relatively large boards with 10 members or more, including 34 percent with greater than 15 members (compared to 43 percent and 22 percent respectively of membership organizations overall).
- Among other member groups, community improvement (67 percent), youth development (60 percent), and arts and culture (56 percent) organizations tend to have the largest boards of directors, with over 15 members (compared to 34 percent of other member groups with boards overall).
- In contrast, 95 percent of volunteer fire departments and related groups have smaller boards of less than 10 members, including 78 percent with between 5 and 9 members (compared to 42 percent and 33 percent respectively of other member groups overall).
- The majority of *religious congregations* with boards of directors (55 percent) have small boards with fewer than 9 members, while only one-fifth (20 percent) have boards with more than 15 members; however, notable variation exists among religious congregations:
 - Mainline Protestant congregations have larger boards of directors. Over two-fifths (43 percent) of mainline Protestant congregations with boards of directors have over 15 members, compared to only 10 percent of evangelical Protestant congregations.
- One-quarter each of *recreation groups* (25 percent) and *mutual benefits* (23 percent) with boards have very small boards with no more

than 4 members, compared to 15 percent of membership organizations overall.

- Almost three-fourths (72 percent) of *civic associations* with boards of directors have small boards (less than 10 members). Only 5 percent have more than 15 members, compared to 22 percent of membership organizations overall.
- **Board committee structure:** We asked nonprofits whether they used board committees for all or some of their work, only for short-term tasks, or not at all. This varies by member status and by type of membership organization.
 - *Members vs. No Members:* Boards of directors of membership organizations are more likely to use committees for their work than boards of directors of organizations without members. Over three-fourths (76 percent) of boards of directors of membership organizations use some type of committee, compared to 61 percent of boards of organizations without members. See Figure 97.

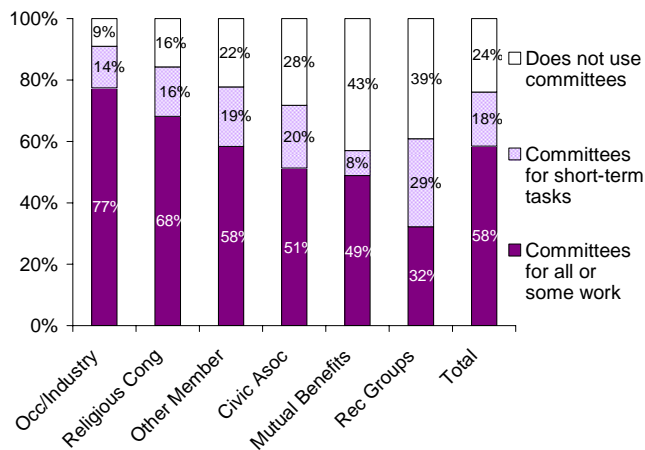
Figure 97: Percent using committee structures for nonprofits with board members by member status (n=1,650)



- *By Type of Membership Organization:* The great majority of boards of directors for *occupation/industry groups* (91 percent) and *religious congregations* (84 percent) use some form of committee structure. See Figure 98.
- This is in contrast to 57 percent of boards of directors of *mutual benefits* and 61 percent of *recreation groups* who use committees. Only one-

third (32 percent) of boards of recreation groups use standing committees for all or some work, compared to 58 percent of membership organizations overall.

Figure 98: Percent using committee structures for membership organizations with board members by type of membership organizations (n=1,234)



Conclusions and Implications: We draw several conclusions and implications from these findings.

- **Membership organizations have fewer paid staff.** While similar percentages of membership organizations employ paid staff as do organizations without members, membership organizations' paid staff sizes are smaller and budgets less labor intensive than organizations without members.
- **Membership organizations depend more heavily on volunteers.** Membership organizations are more likely to use volunteers and more likely to deem them very important or essential to their missions.
- **Religious congregations use few paid staff but many volunteers.** Religious congregations show a unique pattern in which almost all have paid employees, including an executive director or equivalent; however, their paid staff sizes are usually small. In contrast, they have very large volunteer staffs that they deem essential to their mission.
- **Civic associations, recreation groups and mutual benefits use fewer human resources.** Civic associations, recreation groups and mutual benefits are the least likely of all membership organizations to have paid employees. Those with paid staff are less likely

to have a paid executive director (especially for mutual benefits). In addition, civic associations and mutual benefits are the least likely to use volunteers. Those that *do* use volunteers (other than board members), tend to use fewer volunteers, but these are yet essential to their missions. Nearly all of these three groups have boards of directors; however, they tend to be smaller than the average board of directors of membership organizations overall.

- **Sub-groups vary notably in human resources.** When it comes to dimensions related to the characteristics of board, staff and volunteers, Catholic congregations, and to a lesser extent mainline Protestant ones, stand out among religious congregations; financial institutions and related organizations among mutual benefit groups; labor unions among occupation/industry groups; and volunteer fire departments and related groups among other member organizations.