

2017 National Compensation Study

**For Managerial and Administrative
Positions in Not-for-Profit Arts Organizations**



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel

2017 National Compensation Study for Managerial and Administrative Positions in Not-for-Profit Arts Organizations

Executive Summary

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Executive Summary

In November and December of 2017, 436 organizations within the not-for-profit arts sector participated in a comprehensive compensation study. This is the third iteration of the study, which was first undertaken in 2003 and again in 2008. The study focused on 21 benchmark management and administrative positions, and gathered data on base salary, employee benefits and perquisites, as well as a number of other human resources trends.

A comparison of the 2017 and 2008 findings paints a picture of changing conditions over the last nine years. While organizations with small operating budgets (less than \$250,000) have experienced some compensation improvements, mid to large organizations have not realized material real wage gains, let alone improved competitive positioning relative to other industry sectors. Over this nine year period, real wages (after inflation) across the not-for-profit arts sector increased by an average of 6.7%, or 0.74% per year. In contrast, annual real wage growth across the Canadian economy over the same nine year period was found to be approximately 10% or 1.1% annually.

The organizations in the study identify compensation and benefits as being one of their top human resources priorities. Other ongoing human resources challenges and priorities identified by arts organizations include staff turnover, limited career advancement opportunities and inadequate succession planning. Organizations of all sizes indicate that excessive workloads and resource constraints are their biggest management challenges.

Participant Profile

A total of 436 organizations from across the country participated in this study—two times the number of responses gathered in 2008. It should also be noted that the 2017 study was an open survey, targeting over 4,000 organizations through a variety of communication tools, including email invitations, websites and social media processes. Overall, the study's participant profile represents a strong cross-section of arts organizations in Canada, further broken down by discipline and region.

Trends

Trends identified by the study include:

- **Wages:** Since the last survey in 2008, real wages have increased by an average of 6.7%.
- **Benefits:** Relative to 2008, the frequency of benefits being offered by arts organizations has increased for certain benefits, such as long-term disability and life insurance. The prevalence of benefits, such as dental and vision coverage has dramatically decreased. Although these findings are similar to what was revealed in

2003 and 2008, the scope and frequency of benefits offered across the cultural sector are disproportionately lower than what is offered in other sectors.

- **Retirement:** Retirement savings plans are also now more prevalent in smaller organizations, but the overall prevalence across the cultural sector remains quite low relative to other sectors. This is likely a major issue and constraint for a number of cultural sector employers given the demographics of Canadian labour markets and an aging workforce population, where retirement savings plans are clearly a major retention strategy for managerial top talent.
- **Flexible work arrangements:** There has been an increase in organizations offering non-health related benefits such as flexible work arrangements, now more commonly found in both small and large organizations.

The study also confirmed that arts organizations continue to lag behind the general not-for-profit and private sectors in many areas of compensation and benefits. This further highlights a real ongoing challenge for recruitment and retention.

Smaller arts organizations consistently have fewer employees, but they perform a much wider variety of functions in order to accomplish their organization's goals. These organizations feel especially stretched due to their budget constraints. In 2008, the role of Project Manager was introduced to the survey and the responses from 2017 indicate that this position is now common in organizations across all budget sizes.

For small and mid-sized arts organizations, the overall inadequacy of employer-paid benefits, combined with a limited ability to pay competitive salaries (on average, salaries are three-to-five times lower than in larger organizations), makes attracting and retaining qualified resources challenging. These organizations often compensate by relying on alternative methods to attract and retain employees. For example, 73% of organizations with operating budgets under \$1,000,000 offer flexible work arrangements. This issue remains significant in an industry where the vast majority of organizations have operating budgets under \$1,000,000.

The average employee voluntary turnover rate¹ in 2017 was calculated to be 13.3%, and has decreased materially since 2008 where it was observed to be 20.3%. The 2017 rate of 13% is still higher than the all-industry² average of 7.1%. The cultural sector turnover rate likely has significant implications for the attraction and retention of volunteers to sufficiently meet operational mandates and workload requirements.

Compensation remains a key driver to attract and retain talent to the broader cultural sector. If base salaries and overall compensation packages cannot keep up with market trends, it could represent a risk to organizations within the sector for increased turnover in staff, as well as workload "burnout".

¹ Turnover that is due to an employee-initiated departure

² All industry includes private, public and not-for-profit sectors.

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The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Department of Canadian Heritage and the Canada Council for the Arts.