



Younger employees are more concerned about pay

By Barry VanderKelen

Attracting and retaining talented employees is an important goal of any business, especially nonprofits. But the aspirations of younger workers are different today and the nonprofit industry must rethink how it compensates its employees. This is one finding of a recent study by Jasmine McGinnis of Georgia State University and Georgia Institute of Technology, "The Young and the Restless: Generation Y in the Nonprofit Workforce."

Previous generations of nonprofit workers were motivated more by noncompensation benefits and/or working conditions found in many nonprofit jobs. However, people born in the period from

the late 1970s to the early 1990s, Generation Y, value monetary compensation more and are more likely to change jobs in order to get paid more.

It is important to note this because this is the generation poised to lead nonprofits when baby boomers retire. But compensation might need to change to keep the next generation of leaders in the nonprofit sector.

Using census data, McGinnis found that nonprofits have a higher concentration of employees with master's degrees than found in for-profits. People with advanced degrees earn, on average, more than people who have a high school diploma or bachelor's degree. But for-profits pay their employees with master's

degrees more, by more than 10 percent, than do nonprofits. As students graduate from college with more debt, they may delay graduate school and seek work in the for-profit world.

The wage gap between Generation Y female and male nonprofit employees is smaller (\$1,350) than in for-profit companies (\$8,000). One reason for this is because Generation Y males employed by nonprofits earn on average \$10,000 less per year than their peers employed by for-profits.

McGinnis points out that nonprofits shouldn't immediately raise wages without better understanding the value of noncompensation/intrinsic rewards for Generation Y employees.

Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

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