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**Paper Title:** Human Resource Management in Small Nonprofit Organizations

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**Summary of Research**

This paper investigates human resource management as practised in small nonprofit organizations. Because most small nonprofits do not have formal human resource departments or officers, little is known about their human resource practices. Using key informant interviews, this study investigates how these organizations deal with some common human resource challenges. The results shed light on how these organizations manage given the: a) dearth of relevant guidelines that are applicable to small organizations, b) lack of HR management training in small nonprofits, 3) insufficient financial resources, d) frequent changes in funding practices, and f) tension between volunteers and paid staff.

**Description**

An organization is a complex social system comprising various groups of individuals working together towards a common purpose. Thus, a fundamental challenge for management is to coordinate the actions of these individuals to ensure the achievement of the organization's goals.

Whether or not an organization has a formal Human Resource department or manager, a foundation of good human resource practices is essential to the long-term success of an organization. Although there is a common basis for good human resource practices that pertains to all organizations, nonprofit organizations differ from for-profits along several dimensions: their governance structure, their incentive structure and their reliance on volunteers. These unique features warrant special consideration. This paper investigates human resource management practised in small nonprofit organizations.

In 1999, Statistics Canada published the Workplace Employee Survey (WES) giving a snapshot view of Canadian workers in nonprofit organizations for the first time. This data formed the basis of a series of studies on human resources in nonprofit organizations published by the Canadian Policy Research Network comparing the nonprofit and for-profit sectors with respect to: working conditions and salaries (McMullen & Schellenberg, 2003a), skill requirements and job training (McMullen & Schellenberg, 2003b), and coping with change through skills development, performance measurement and improving service quality (McMullen & Brisbois, 2003). These studies have opened a window of understanding on nonprofit organizations as employers. However, they did not probe into the specific HR practices of small nonprofit organizations, did not consider the role of the board of directors and did not examine the crucial relationship between paid staff and volunteers. This study aims to correct this by interviewing executive directors of small nonprofit organizations, and probing their HR practices as directed towards employees and volunteers.

Nonprofit organizations face several challenges that are specific to the sector. These include: a dearth of relevant guidelines applicable to small nonprofit organizations, lack of HR management training, insufficient financial resources, change in government funding practices, and tension between volunteers and paid staff.

Dearth of relevant guidelines. Research and textbooks on human resource management and practices focus on the for-profit sector and usually on large, corporate and bureaucratic organizations. This generally does not reflect the reality of smaller nonprofits.

Lack of HR management training. For all but the large nonprofit organizations HR functions are left to the executive director and/or a committee of the organization's Board of Directors. In either case, the day to day HR issues that come up in any organization fall into the lap of the Executive Director, few of

whom are trained in HR. Most EDs are already over-extended, trying to ferry their organizations through changing conditions and dealing with higher priority problems; understandably they are loathe to add the tasks of HR management to their already heavy loads (Haiven, 1998).

Insufficient financial resources. Most nonprofit organizations operate on very tight budgets, influencing not only their employee component, but also their incentive structures. In nonprofit organizations, there is little room for significant financial rewards, therefore they rely on the goodwill and dedication to the cause, of both their paid workers and volunteers. In nonprofit organizations the problem is not how to motivate employees and volunteers; it is how to prevent burn-out (Bell, et al. 2006).

Changes in funding practices. The reliance on government funding and the change in funding practices from stable and longer term operational grants to contractual relations and project funding, have further challenged nonprofit organizations with respect to their human resource practices (Akingbola, 2005). The uncertainty inherent in these new funding practices makes it more difficult for the nonprofit organization to plan their human resource needs, and attract the skilled people that they need.

Tension between volunteers and paid staff. Inappropriate expectations of volunteers on the part of staff members, is one source of volunteer frustration that can lead to conflict. Tensions may occur between the volunteer board and staff as well, particularly when boundaries between board and staff are blurred and volunteer board members try to micro-manage the organization's paid employees (O'Connell, 1985).

Qualitative interviews are currently being conducted with 15 executive directors of several different types of small nonprofit organizations (e.g. all volunteer, mixed volunteer and paid staff not numbering more than 4, direct service organizations, fundraising organizations, advocacy organizations). In addition to discussing the challenges articulated above and how EDs are coping with them, the general areas investigated include: knowledge of and compliance with legal requirements, human rights, benefits, volunteers' rights, role of the board of directors, personnel record keeping, the use of human resource information systems, job/task analysis and job design, performance appraisal, compensation and rewards, grievance processes, disciplinary processes, succession planning/career management/career development, training and development, communication, conflict management, management of stress, and mentoring. Questions about knowledge and use of new Internet-based HR resources are also included.

The study is currently in the field. Data collection will be concluded by the end of June providing ample opportunity to analyze the results and prepare a paper in time for the ARNOVA conference. The findings of this study will shed light on a very sparsely researched topic in nonprofit organizations. Learning about HR challenges in small nonprofits and how some organizations are coping, will be beneficial to other nonprofit organizations as well as advancing knowledge about the sector. In fact, the most common liability faced by boards of directors of nonprofit organizations is in the area of poor human resource management practices that result in lawsuits, for example, wrongful dismissal claims (Nonprofit News, 2003).

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