

Work and work force characteristics in the nonprofit sector

Nonprofit jobs provide more challenge, variety, satisfaction, and intrinsic rewards than those in private enterprise or government, according to a small national sample of workers in schools, hospitals, philanthropic and other tax-exempt organizations

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Increasing proportions of the U.S. work force have been attracted to employment in private nonprofit institutions—organizations which constitute the third sector of the economy.¹ The popular view is that these persons are attracted by the ideals of selfless service and work fulfillment, and have chosen to avoid the competitiveness of profitmaking firms, and the impersonality of government bureaucracy. But the view also holds that low pay, job pressures, and lack of resources cause these workers to seek employment in other sectors. This study examines such popular views by comparing characteristics of work and the work force in the for-profit, government, and nonprofit sectors, using data from the 1977 Quality of Employment Survey, conducted by the Institute for Social Research at the University of Michigan.

Sociologists, psychologists, and economists have treated organization size and technology, employee background and personality, and industry and occupation as the key explanatory factors in their models of the quality of employment. Sector—for-profit, government, or nonprofit—represents an important but neglected facet of the work environment. The nature of an organiza-

tion's mission—to make a profit, to serve the citizenry, or to educate, entertain, and cure privately but without profit—permeates its culture and identity. It serves both as a selector and a socializer, attracting particular segments of the work force and motivating and satisfying them with particular rewards. To assess the degree to which sector shapes the quality of employment, this study compares third-sector working people with government and profit-sector employees.

Studies of the characteristics of the work force have been conducted in each of the three sectors, but assignment of employees to sector has been based on Standard Industrial Classification codes which only approximate the contours of the sectors, and the data analyzed have not addressed all of the questions of interest here.² There have also been surveys of employment conditions in selected industries and occupations, in firms, the Federal Government, and in the work force at large.³ And studies have compared working conditions in the private versus public sectors.⁴ But these surveys and studies have varied in content, purpose, and sampling framework and, in the case of national surveys, have not compared employment conditions in the three sectors. Available data suggest that the characteristics and earnings of third-sector workers may differ substantially from those employed in the other two sectors. But it is not known whether employee attitudes, work orienta-

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tions, job characteristics, and motivations and satisfactions differ across the sectors.

Understanding intersectoral differences

Theories of for-profit organization emphasize that there is a common bond linking the interests of stockholders, employees, and consumers based upon the efficient distribution of resources. There is also a bond in government between voter-constituents and public servants based upon the equitable distribution of resources. In nonprofits, however, there are no governing distribution criteria because it is impossible to monitor and measure whether beneficiaries have received donations. And, even where beneficiaries partially subsidize services, as in the case of public radio listeners and television viewers, theater- and museumgoers, or private school attendees, it is not possible to ensure that their resources are used efficiently or equitably. To make the nonprofit form viable, or "trustworthy," Federal and State laws bar nonprofits from distributing net earnings to members, officers, or trustees.⁵ Most nonprofit organizations are incorporated, and this "nondistribution" requirement ensures that no one within the firm profits from inefficiencies or inequities. Incorporated nonprofits include philanthropic organizations, private tax-exempt institutions to which donors' contributions are tax exempt, as well as membership groups such as social clubs and labor unions (not included in these analyses).⁶ Credit unions and other financial nonprofits are not treated as third-sector organizations.⁷

From these legal differences between nonprofit and other forms of work organization, there may follow economic, political, and social differences that invite investigation. First, the nondistribution requirement becomes an economic constraint limiting the earning potential of nonprofit employees. Does it follow that the sector may attract only those who can "afford" to work in nonprofits or, alternatively, those who cannot find work in the other two sectors? Or do other factors attract employees to the third sector and motivate them in their jobs? Second, the weak links among members, beneficiaries, and contributors in the nonprofit sector limit the degree of external control over the organization's actions. There are few market forms of accountability for governmental and nonprofit workers. In government, however, controls are internalized through political appointments, administrative reviews, and formal policies, procedures, and work rules. In nonprofits, boards of directors perform policymaking and administrative functions, but mechanisms for translating policy into procedures and actions are often less formal.⁸ Does it follow that alternative forms of political and social control may be in force?

A third difference between sectors concerns their functioning. Nonprofits are an amalgam because they

produce public goods through private means. In each sector, the output, particularly of service employees, is difficult to measure and the production process is difficult to monitor. Profitmaking firms are able to rationalize their production functions by assigning a dollar market value to components and computing a rate of return on resources expended. A hierarchical form of organization monitors the overall production process and employees seek efficiency in service delivery to maximize their earning potential. This may ensure that employees have clearer objectives and more resources to do their jobs in for-profit organizations. It may also mean that they have less autonomy and influence in the production process. In the same way, government bureaucracy provides an administrative rationality that gives governmental employees a clearer perspective on job duties and freedom from conflicting demands. But it may also limit their autonomy and influence. The question here is whether nonprofit workers avoid both the costs and benefits of bureaucracy. Does it follow that they have greater autonomy and influence but more ambiguous goals and fewer resources? Furthermore, do goal ambiguity and limited resources contribute to employees' desire to look for another kind of job?

Data and method for the study

The 1977 Quality of Employment Survey was designed to examine the physical and social characteristics of work and the work force in the United States through personal interviews with a representative sample of employed persons (details on the survey and its administration are presented in the appendix). The survey did not categorize respondents by employment sector but it did provide information needed to make this determination. Respondents were categorized by examining the survey forms of those persons employed in industries which might be found in the nonprofit and governmental sectors. Most government employees were clearly identifiable and those employed in religious organizations were categorized as nonprofit employees. Surveys of teachers, health-care employees, and persons employed in arts and cultural organizations were scrutinized for identifying information about employment sector. In this way, public and private schoolteachers and governmental and nongovernmental health-care and social-service employees were distinguished.⁹ To further identify the employment sector of respondents, employers' names and addresses were checked against State records to ascertain sector status and, in some instances, employers were contacted (preserving the respondent's anonymity) regarding profit-nonprofit status. For cases lacking information about sector or place of employment, the Institute for Social Research contacted interviewers for more information. Identification was es-

established for 70 nonprofit, 239 government, and 1,171 profit-sector employees (35 respondents' sector could not be ascertained and these persons were dropped from the analysis).

Based upon the entire 1977 Quality of Employment sample, it is estimated that 15.8 percent of all respondents work in the governmental sector and 4.6 percent in the nonprofit sector. These estimates are comparable to those based upon other data sources.¹⁰

Four major sets of variables were drawn from the survey to answer the questions posed here. First, there are data on the occupations and demographic characteristics of employees in each sector. Second, there are data on employees' education and work experience, work orientation, and job mobility. These data provide a profile of workers in each sector and information for assessing the selection processes of the sectors. An underlying question is whether governmental and nonprofit sector organizations serve as employers of first choice for those seeking to put their ideals and skills into practice or as employers of last resort for less educated, less mobile, and more "marginal" members of the work force. A comparison of the levels of education, maturity, and financial security of employees in the three sectors helps to answer this question. Another question is whether women and minorities, traditionally attracted to and employed in second- and third-sector organizations, continue to predominate in those sectors.¹¹

Do the working conditions, jobs, and roles of employees differ in the three sectors? The third set of data, which covers these aspects of the quality of employment, provides objective information on wages and benefits and respondents' subjective assessments of their working conditions, jobs, and roles. The Quality of Employment survey contains no data on pay policies, governance structures, or control mechanisms in employing organizations. But the survey does provide information on employees' ratings of the fairness of their pay, influence on job decisions, and autonomy in job performance. On the basis of such perceptions, a comparison can be made among the job level political and social controls found in the three sectors.

Do the rewards of working in each of the sectors differ? Are outcomes such as satisfaction, effort, and the desire to look for different work the same across sectors? The fourth set of measures covers these rewards and outcomes of work and becomes a summative indicator of the quality of employment in each of the sectors. Also reported are indicators of the quality of life off the job, including measures of health, political activity, and life satisfaction.

Two sets of analyses were undertaken to compare differences among the three sectors. The first compares differences for all respondents across the sectors and provides basic data on employees and employment con-

ditions. Differences are expected in worker profiles in each of the sectors and in the conditions of employment because of the predominance of particular industries in each sector and occupational "screening processes."¹² Thus, the second analysis compares differences for only those respondents whose occupations are found in all three sectors. This eliminates from the sample a large number of private-sector and a smaller number of public-sector blue-collar workers in craft, operative, and labor functions, as well as sales and farm employees. The blue-collar workers in the for-profit sector have been found to have lower ratings of the quality of employment than other occupational groups.¹³ By eliminating them from the second analysis, differences might be compared in work and in the work force in the three sectors, controlling for key screening processes and occupation-based differences in working conditions.¹⁴

Occupations and demographics

Data on the occupations and demographic characteristics of respondents in the three sectors show the prominence of professional, service, and, to some extent, clerical employees in the nonprofit and government sectors as compared to the for-profit sector. (See table 1.) These findings agree with studies of occupational profiles in each of the sectors drawn from the Bureau of Labor Statistics, the Census Bureau, and related industry and occupation data. Nonprofit respondents are all employed in service industries. Some 40.3 percent of the government sample are in direct government service, while 58 percent are employed in schools, health-care institutions, and other social services. The remainder are employed in transportation. About 17 percent of the for-profit sample are employed in service industries.

The matched occupation sample represents professional, managerial, clerical, and service workers in all three sectors. This accounts for 100 percent of the nonprofit, 94.4 percent of the government, and 48.0 percent of the for-profit sample. This matched occupation sample has a higher percentage of professional and a lower percentage of managerial employees in the second and third sectors.

Data on year of birth show smaller proportions of younger (under 30 at the time of the survey) and older (over 55) workers in government and nonprofits as compared to for-profit organizations. This first finding is interesting as it is contrary to Sarason's speculation that the ideals of the "baby boom" generation were leading them toward nonprofit and governmental service.¹⁵ One interpretation is that these idealists' entry into the second and third sectors has been delayed by their need for further education and credentialing for professional service. Yet, the same trend is found in the sample matched by occupation. Thus, it may be that financial needs, aspirations, and opportunities are leading

Table 1. Composition of sectors by selected worker characteristics

[In percent]

Characteristic	Sector			Characteristic	Sector		
	Profit	Nonprofit	Government		Profit	Nonprofit	Government
Occupation				Job tenure			
Professional	8.1	49.5	44.3	Less than 3 months	13.7	22.5	12.3
Manager	15.1	8.3	5.9	3 to 12 months	19.7	19.6	10.9
Sales	6.2	0.0	0.0	1 to 3 years	21.2	20.6	25.8
Clerical	15.5	18.3	21.0	3 to 5 years	11.9	10.3	14.3
Craft	16.8	0.0	2.0	5 to 10 years	14.7	19.6	18.8
Operative	21.4	0.0	1.7	10 to 20 years	11.6	6.5	16.0
Laborer	3.9	0.0	2.0	More than 20 years	7.3	9	2.0
Farmer	2.3	0.0	0.0	Wages and benefits			
Farm laborer7	0.0	0.0	Annual income (in dollars):			
Service worker	9.3	23.9	23.2	All workers	\$13,236	\$ 8,935	\$13,317
Year of birth				Full-time workers only	14,981	10,200	14,008
1957-61	10.5	6.6	3.2	Number of fringe benefits:			
1948-56	26.0	23.6	26.9	One or none	21.5	35.2	10.1
1933-48	32.9	37.7	37.2	Two	29.7	35.2	35.0
1923-32	16.3	20.8	19.5	Three	17.6	22.9	40.6
1913-22	12.2	10.4	11.2	Four	27.0	6.7	14.0
1900-12	2.1	.9	2.0	Five or more	4.2	0.0	.3
Sex				Education-job match			
Male	64.5	36.7	43.1	Education fits job	48.5	71.3	50.7
Female	35.5	63.3	56.9	Overeducated for job	33.3	12.9	34.9
Race				Undereducated for job	18.2	15.8	15.2
White	93.3	92.0	88.9	Work outcomes			
Minority	6.7	8.0	11.1	Workers who wish to find different job, as percent of all workers			
Education					63.4	45.8	58.9
8 years or less	8.6	1.8	3.7				
9 to 11 years	15.8	11.3	6.9				
High school graduate	40.7	24.5	27.5				
Some college	23.2	18.9	22.3				
College graduate	7.5	14.2	12.6				
Post-graduate education	4.1	28.3	26.9				

Note: All differences between sectors are statistically significant at the .01 level in both the full sample and the sample matched by occupation. Wage differences were tested using one-way analysis of variance; other differences were tested using a chi-squared test of independence.

a higher proportion of young people into for-profit employment.

A higher proportion of minority workers are employed in government as compared to the other two sectors. Higher wages for minorities in public service and traditionally greater employment opportunities may be the attraction.¹⁶ A higher proportion of women, however, are employed in the third sector, particularly in comparison to for-profit employment. Apart from opportunity, three other factors may contribute to this. First, there are more part-time employees proportionately in the third sector and the flexibility of part-time employment may be especially attractive to working mothers. Indeed, a higher proportion of women employed in the third sector have children under 18 in their households. Second, a higher proportion of women in nonprofits have working spouses and/or other earners in their families when compared to women employed in government. In this sense, they may be better able to afford to work in third-sector organizations. Finally it may be that the ideal of selfless service simply draws proportionately more women to the sector.

Education, experience, mobility, and orientation

Data on the education, experience, mobility, and work orientation of employees in the three sectors show proportionately many more workers with college and post-graduate degrees in nonprofits (42.5 percent) and government agencies (39.5 percent) when compared to the for-profit sector (11.6 percent). In part, this may be attributable to the greater proportion of professional jobs in these sectors. Yet, this difference remains in the sample matched by occupation. Thus, it may be that education serves a "credentialing" as well as preparatory function for employees in these two sectors. Particularly for professionals, it serves as a surrogate measure of performance and value to the institution.¹⁷ Of course, it may also be that employees who work in these sectors simply have a greater interest in formal education.

There is little difference in the years of work experience for employees in the three sectors; the average for-profit worker has been in the labor force 18 years, compared with 17 years for those in the other sectors. Nonprofit workers, however, have less tenure in their jobs than those employed in government and in for-pro-

fit firms: 42 percent have been on the job less than 1 year, compared with 33 percent in the for-profit sector and 23 percent in government; and only 7 percent have tenure of more than 10 years, versus about 18 percent in the other two sectors. This may reflect the volatility of nonprofit organizations, but it also may reflect the greater mobility of nonprofit employees. Those employed in the sector are more likely to believe their skills will be valuable in 5 years than those employed in government and for-profit firms. (See table 2.) Other things equal, this suggests that they have greater job mobility.

Two other factors promoting mobility are organization size and promotional opportunities within a firm. For-profit employees work in larger firms and report having more chances for promotion than do nonprofit workers. Lack of promotional opportunities may contribute to the lower levels of tenure among third-sector people. Interestingly, government employees report having even less chance for promotion, yet have relatively longer tenure than nonprofit employees. Perhaps the income and job security afforded by government employment reduce the effect that lower chances of advancement might otherwise have on turnover decisions.

These findings can help address the question of whether employment in the second and third sectors is a "first choice" or "last resort." In the sample matched by occupation, we found second- and third-sector employees to be better educated and somewhat older than their for-profit counterparts with equal levels of work experience, suggesting that employment in the second and third sectors is based upon choice. But two caveats need insertion. First, some employees are simply funneled into jobs unique to a sector. Second, differences in ratings of mobility and tenure in the sectors, key indicators that employment remains a choice, are less pronounced in the matched occupation sample.

Nonetheless, speculation on the factors contributing to the employment choice of second- and third-sector workers is worthwhile. The appeal of human service in these sectors could be a factor in the occupational decisions of women and minorities. In the choice between government and nonprofit service, however, other factors may be present. One obvious factor could be finances. Those choosing nonprofits may have greater financial security (women in the nonprofit sector are more likely to have other earners in their homes). Another factor might be the work orientation of employees. Nonprofit employees are more likely to report that their work is more important to them than the money they earn.¹⁸ (Differences in this nonmonetary orientation are also significant in the matched sample comparison.) Work as such is not more important to them, for employees in all three sectors indicate that working is important to them and say that they would continue to work even if it were not a financial necessity. But em-

ployees in the nonprofit sector, and to a lesser extent in government, say that their jobs are more important to them than do those in the for-profit sector.

Apparently, second- and third-sector workers bring a stronger commitment to their jobs than do their counterparts in for-profit organizations. Data suggest that some government workers get locked into their jobs by the material security. Thus, at some point, employment in their jobs may become less a choice and more of a necessity. But others in government and those in the nonprofit sector may make and sustain their choices on an ideological basis.

Wages, working conditions, and work roles

Significant differences were found in wages, working conditions, jobs, and work roles among employees in the three sectors. Two income statistics are reported and both show nonprofit employees earning much less than those in the other two sectors. (See table 1.) In the case of all persons employed 20 hours or more per week, nonprofit employees earn 67.5 percent of for-profit and 67.1 percent of government wages. For persons employed 35 hours or more per week, nonprofit employees earn 68.1 percent of for-profit and 72.8 percent of government wages. These findings conform to rough estimates of differences in wages between sectors computed by T. Nichlaus Tideman using BLS data.

Several factors may account for the earnings differentials between sectors, such as differences in occupational distributions, the percentage of men versus women in the sectors, and so forth.¹⁹ However, significant differences were also found in the matched occupation sample. Again, differences in job and sex compositions may account for some of the differential, but it is suspected that nonprofit organizations simply pay less than for-profit and governmental organizations. The number of fringe benefits received also shows sectoral differences in compensation. Fully one-third of those employed in nonprofit establishments receive only one or no fringe benefits, compared with one-fifth of profit-sector workers and one-tenth of government employees.

The actual earning differential between the sectors is reflected in respondents' ratings of their wages and benefits. (See table 2.) Employees in the nonprofit sector rate wages and benefits less favorably than those in the other two sectors. Interestingly, they do not appear to rate their compensation as less fair in comparison to what others are paid, for the intersectoral differences are not statistically significant.

In the total sample, government employees earned more than for-profit employees, but in the case of full-time workers only, the relationship was reversed. Because wage rates between these two sectors were roughly comparable in 1977, the greater number of weekly hours (43.6 versus 40.4 in government) worked by for-profit

employees may account for part of this income difference. Nonprofit employees worked an average of 42.2 hours per week, earned significantly less than their counterparts, but still rated their pay to be as fair as did those employed in the other two sectors. Two explanations can be offered for these judgments. First, nonprofit employees' reference group may be others in the sector, rather than workers in government or in profit-making firms. Second, nonprofit employees' non-monetary orientation toward their work would make wages and fringe benefits less salient rewards.

The data show no differences across the three sectors in ratings of job comfort, including work hours, physical surroundings, workload, ease of travel to and from work, and so on. There are also no differences in ratings of job security. This latter statistic is surprising as we expected non-profit employees to have less security (they work in smaller firms and fewer are unionized). The survey was taken in 1977, however, when unemployment was lower and governmental grants to nonprofits were proportionately greater than today. Moreover, the job mobility of nonprofit people might ease their concerns over job security.

There were several differences between the sectors in employees' ratings of their jobs. First, nonprofit employees saw more variety and challenge in their jobs than did those in government, and those in government saw more than did those in for-profit employment. Second, profit-sector employees report the highest levels of feedback from the job, followed in turn by government and nonprofit employees. Thus, it appears that nonprofit employees have more interesting work but less direct feedback on how well they are performing.

Several factors may account for differences across the sectors. The lower ratings of job challenge and variety in the for-profit sector may be because of the substantial share of blue-collar manufacturing work in the sector. But, because this difference is sustained in the matched sample comparison, it is suspected that the economic rationality embedded in the sector has fractionated the scope and variety of work of for-profit professionals, managers, and service personnel more than in the other sectors. The gain is greater quantification of work results and, thus, more feedback for employees.²⁰ In government, it is believed that, through administrative rationality, the variety and challenge of service work has been reduced. That the structure of the work environment has created a "misfit" between the skills of employees and the demands of jobs in the for-profit and government sectors is evident in ratings of education versus job demands. More than one-third of employees in these sectors report they are "overeducated" for their work, compared with only one-eighth of nonprofit workers, and this difference remains significant in the matched occupation sample.

Another major difference in jobs across the sectors concerns employees' autonomy—their freedom and responsibility to decide what to do and when. Government employees have less autonomy than their counterparts in both the full and matched occupation samples. It may be that centralization limits the freedom and responsibility of government workers.²¹ In the profitmaking sector, however, there is also less autonomy than in the nonprofit sector. Perhaps tighter controls, as shown in work measurement and accountability systems, limit the freedom of professional and service workers to set their own performance standards.²² Non-profit employees, less fettered by centralization and controls, have more autonomy in doing their jobs, report more variety and challenge, and find that their education is matched to their job demands.

All of this suggests that nonprofit employees get satisfaction from their work which may compensate for lower wages and benefits.²³ This is not to say that for-profit employees are not satisfied with the work itself—only that they are less satisfied than those in the other sectors. Nor is it to suggest that government workers take less satisfaction in doing their jobs. Indeed, the data indicate that both nonprofit and government employees find that their work is more meaningful and has a greater effect on others than do those in the for-profit sector. Human service seems a great source of satisfaction for those in the second and third sectors. But nonprofit employees may derive greater satisfaction from the service delivery process itself.

There seems to be one cost to this in the nonprofit sector: the lack of job feedback. One possibility is that third-sector workers rely on feedback from their peers and supervisors, rather than from the job itself, to learn about their performance. But the data do not support this, suggesting instead that their autonomy may simply leave them less informed about the results of their work.

Data on work roles highlight other costs and benefits of the nonprofit organization form. In theory, nonprofit employees should have greater role stress. Given the nature of their work, their job duties should be less clear; given their funding base, they should have fewer resources. Finally, given that many have human service functions, they should report in a dual hierarchy to administrators and supervisors and thus have more role conflict.²⁴ Along this line of reasoning, government employees should have somewhat less role stress and for-profit workers even less.

The data, however, show only that nonprofit and government workers face more demanding time pressures. Nonprofit employees have slightly more ambiguous job duties, fewer resources, and more role conflict in comparison with respondents in the other two sectors, but the differences are not statistically significant and disappear in the matched sample. Several explana-

tions can be offered for these findings.

One possibility is that stress is simply based upon occupation, independent of the organization's form. Another is that nonprofit and government workers have accommodated themselves to these stressors and come to regard lower levels of resources and higher levels of ambiguity and conflict as "acceptable" in calibrating their ratings of their work roles. This would be consistent with the "burnout" literature.²⁵ A third possibility is that the organization form in these sectors has helped them to adapt. Government workers have more rules and procedures governing their work. Other data, while not statistically significant, suggest that they receive somewhat more help from their supervisors and co-workers. Thus, collegial assistance and precise rules may clarify their job duties and reduce role pressures and conflicts.

How do nonprofit workers cope? They, too, receive more help. In addition, W. H. Newman and H. W. Wallender suggest that they develop a "mystique" about the organization and come to accept pressures and conflicts as integral to their work and the organization's mission.²⁶ Two findings hint at the existence of such a nonprofit mystique. Nonprofit workers are slightly (though not significantly) more inclined to rate their services as up to public standards and are less likely to report that their jobs sometimes go against their conscience. Another factor contributing to this mystique could be the collegial form of governance practiced in many nonprofits. Private schools and colleges, and many of the so-called "alternative" organizations found in the third sector espouse and practice a democratic form of organization.²⁷ Nonprofit workers indicate that they have more influence in work and organization decisions than do those in government and for-profit employment. (See table 2.) This form of organization may create a greater sense of commitment and involvement for employees, and serve to clarify jobs and soften role stresses.

There are costs associated with the organizational adaptations in the second and third sectors. Bureaucracy, Peter Drucker notes, threatens to "swallow up" performance in the public sector.²⁸ Indeed, the data here show that governmental supervisors are seen as having lower performance standards in comparison to supervisors in the other two sectors.²⁹ Collectivism, in turn, can also slow decision processes and promote "meeting mania." The key question, to be examined next, is whether these adaptations contribute to greater motivation and satisfaction in the second and third sectors.

Rewards and outcomes

J. W. Porter and E. E. Lawler have argued that wages, working conditions, jobs, and work roles serve to motivate employees when they are linked to job performance.³⁰ This conception treats compensation, interesting work, influence, and the like as rewards for

employees. Two types of rewards are distinguished. Those linked to material gratification and advancement are called extrinsic rewards, while those endemic to the work itself are called intrinsic rewards. These researchers, and many others, find that individuals value these rewards differently.³¹ Job satisfaction follows from the receipt of valued rewards.

Employees in the for-profit sector report some likelihood of receiving extrinsic rewards, whereas nonprofit and government employees report that it is unlikely they will receive a pay increase or promotion as a reward for good performance. (See table 2.) By contrast, workers in these two sectors are more likely to feel a sense of accomplishment and to feel better about themselves when they do their jobs well. Their ratings of intrinsic rewards complement their higher ratings of job characteristics.

Ratings of the effort expended on the job are higher in the nonprofit and government sectors than in the for-profit sector, but this difference also disappears in the matched sample. However, ratings of higher job satisfaction in the second and third sectors are recorded in both the full and matched samples. This same trend is evident in ratings of total effort and emotional investment in the job (a combination of effort, satisfaction, and job involvement ratings).

One interpretation of these data is that intrinsic features of their jobs are prime motivators for professionals, managers, clericals, and service workers in all three sectors. As a source of satisfaction, however, government and especially nonprofit employees place a greater emphasis on them. This would be consistent with their nonmonetary orientation and higher job involvement. Further confirmation of sectoral differences in employees' commitment to their jobs is found in ratings of employees' desires, if they could do it all over again, to take the same job. More for-profit employees would choose a different job than those in government, and more in government would choose differently than in the third sector. This trend is significant in the matched occupation sample as well.

In these data, there is scant indication that the high quality of worklife of nonprofit employees "spills over" into nonwork life.³² Ratings of satisfaction with life and of health are not significantly different across the sectors. Government and nonprofit employees take a greater interest in politics and are more likely to vote and work in political campaigns than are those in the profit sector. This difference disappears in the matched occupation sample, however, and is likely a result of sector selection processes.

Summary and commentary

The survey results show that employees in the for-profit sector have higher wages, rate their benefits,

wages, and promotional opportunities more favorably, and find their extrinsic rewards to be based more upon their performance. In turn, third-sector employees bring to their jobs a greater commitment and nonmonetary

orientation and find more challenge, variety, and autonomy in their jobs and more influence and, perhaps, mystique in their work roles. Nonprofit workers also find more intrinsic rewards in their jobs. The majority

Table 2. Workers' ratings of selected aspects of their jobs by sector,¹ and statistical significance level of intersectoral differences

Job aspect	Sector			Significance level of intersectoral differences ²	
	Profit	Nonprofit	Government	Total sample	Sample matched by occupation
Job mobility					
Value of skills in 5 years	3.4	3.7	3.5	.01	.01
Promotion opportunities	3.9	3.6	2.9	.01	.01
Work orientation					
Nonmonetary orientation of worker	3.0	4.2	3.5	.01	.01
Work involvement	3.8	3.8	3.8	—	—
Job involvement	2.8	3.1	3.0	.01	.01
Wages and benefits					
Wage and benefit rating	3.4	2.9	3.5	.01	.01
Work conditions					
Job security rating	3.6	3.6	3.7	—	—
Comfort on job	2.9	3.0	3.0	—	—
Fairness of pay	2.5	2.4	2.5	—	—
Task characteristics					
Variety	3.3	3.8	3.5	.01	.05
Autonomy	3.4	3.6	3.3	.01	.01
Challenge	3.6	4.1	3.9	.01	.01
Completeness	3.3	3.5	3.4	—	—
Impact on others	4.2	4.5	4.4	.01	.05
Feedback from job	4.1	3.8	4.0	.01	.01
Feedback from other workers	3.4	3.5	3.6	—	—
Meaningfulness	4.1	4.4	4.3	.01	.01
Work roles					
Clarity of job	4.2	4.0	4.2	—	—
Under time pressure	2.6	2.9	2.8	.05	—
Demands of work conflict	3.0	3.3	3.1	—	—
Existence of work rules and procedures	3.4	3.2	3.5	.05	.01
Worker influence on job	3.3	3.7	3.3	—	.01
Work resources					
Enough information, authority, and equipment to do job	4.2	4.1	4.2	—	—
Enough help from supervisor	4.5	4.6	4.6	—	—
Rating of supervisor's standards	4.4	4.0	3.4	.01	.01
Rating of co-workers	4.1	4.2	4.3	—	—
Organization standards					
Products or services up to public standards	4.0	4.1	3.9	—	—
Job requires violating conscience	2.4	2.1	2.4	.05	.05
Rewards for performance					
Intrinsic rewards	4.8	5.0	4.9	.05	—
Extrinsic rewards	2.4	1.7	1.8	.01	.01
Work outcomes					
Overall effort expended	4.2	4.5	4.4	.05	—
Overall job satisfaction	3.6	4.0	3.9	.01	.05
Total energy and investment in the job	3.6	4.0	3.8	.01	.01
Life outcomes					
Satisfaction with life	3.2	3.4	3.3	—	—
Health ³	5.9	6.0	5.9	—	—
Level of worker political activity	2.5	2.8	2.8	.01	—

¹Scale scores range from 1 (low) to 5 (high). They were constructed by summing the survey items which have been shown in the literature to reflect each dimension of work, and were found to be adequately interrelated in these data using a principal components factor analysis. The original survey items typically asked workers to describe aspects of their jobs using 4- and 5-category Likert-type responses. Scale reliabilities and constituent items are available

from the authors on request.

²Dashes indicate that intersectoral differences, tested using a one-way analysis of variance, were not statistically significant.

³The health measure was based on a seven-point scale.

would prefer to continue in their present work.

Government employees have some of the same work orientation and also find intrinsic gratification in their jobs. However, lower ratings of autonomy and influence, and higher ratings of rules and procedures may dampen the effort and satisfaction of these employees. These trends were also present, though not as pronounced, in the sample of workers in the three sectors matched as to occupation.

There is growing evidence of the link between the quality of employment and employee productivity and job satisfaction. The quality of employment has also been linked to absenteeism, turnover, and poor quality workmanship.³³ In the past several years many for-profit organizations have taken steps to enrich jobs and increase employee influence in decision making. The data herein suggest that increasing these intrinsic aspects of work might increase the motivation and satisfaction of for-profit employees. Such efforts might also increase motivation and satisfaction in the other two sectors. But the data indicate that providing more performance feedback and reducing the role stress of government and nonprofit workers might pay an even larger dividend.

Changes in civil service laws, the increased monitoring of nonprofits by funding sources and agencies, and

the wholesale importation of motivational, training, incentive, and performance appraisal systems are all seen as ways to improve efficiency in government and nonprofit organizations.³⁴ But will they truly improve productivity and quality of worklife? Standards designed to increase accountability and efficiency could also centralize authority, limit flexibility, stifle innovation, and create pressures toward achieving measured goals of work quantity at the expense of quality. Tighter controls could limit professionals' freedom and rigid measurement systems could alienate employees from not only their service but also their ideals. Increasing demands for efficiency could lead administrators to demand too much from already time-pressured subordinates. Or worse, these people, dedicated as they are to their jobs, might assume a greater load but at the expense of their health and satisfaction and under a threat of loss of their livelihood.

The irony in all this is that just as the for-profit sector seems to be "loosening up," the second and third sectors are "tightening up." In our view, the move to run government agencies and nonprofits "more like a business" needs to be carefully considered. If not, they may lose their identities and employees' motivation and satisfaction may actually suffer. □

—FOOTNOTES—

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¹ For data on the characteristics and growth of the third sector, see Dale L. Hiestand, "Recent Trends in the Not-For-Profit Sector," in *Commission on Private Philanthropy and Public Needs* (U.S. Department of the Treasury, 1977), pp. 333-37; and T. Nichlaus Tideman, "Employment and Earnings in the Non-Profit Charitable Sectors," in *Commission on Private Philanthropy and Public Needs* (U.S. Department of the Treasury, 1977), pp. 325-31. For an up-to-date estimate of sector contours, see G. Rudney, "A Quantitative Profile of the Nonprofit Sector," Working Paper 40, PONPO (New Haven, Conn., Yale University, 1981).

² Eli Ginzberg, Dale L. Hiestand, and Beatrice G. Reubens, *The Pluralistic Economy* (New York, McGraw-Hill Book Co., 1965).

³ Franklin P. Kilpatrick, Milton C. Cummings, Jr., and M. Kent Jennings, *The Image of the Federal Service* (Washington, The Brookings Institution, 1964); *Federal Employee Attitudes, Phase I: Business Survey, 1979* (Washington, U.S. Office of Personnel Management, 1979); Robert P. Quinn and Thomas W. Mangione, *The 1969-1970 Survey of Working Conditions: Chronicles of an Unfinished Enterprise* (U.S. Department of Labor, Employment Standards Administration, 1973); and, R.P. Quinn and G. Staines, *Quality of Employment, 1977, With Comparisons Between 1973-1977* (Ann Arbor, University of Michigan, Institute for Social Research, 1979).

⁴ For a new report in this area, see M.P. Smith and S.L. Nock, "Social class and quality of work life in public and private organizations," *Journal of Social Issues*, Vol. 36, 1980, pp. 59-75.

⁵ See H.B. Hansman, "The role of nonprofit enterprise," *The Yale Law Journal*, Vol. 89, 1980, pp. 835-901, for a full discussion of the

nonprofit form.

⁶ The nonprofit organization is defined by Section 170(c)(2) of the Internal Revenue Code as "A corporation, trust, or community chest, fund, or foundation . . . organized exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals . . ." The nondistribution requirement comes from State charters. For a discussion of chartering arrangements, see S. Lakeoff, "Private government in managed society," in J.R. Pennock and J. Chapman, eds., *Voluntary Organizations* (New York, Atherton Press, 1969).

⁷ As per Department of Commerce's National Income and Product Accounts and IRS Code.

⁸ Nonprofit boards, however, are not accountable to any particular group of interests and may be self-perpetuating. Some States mandate that community representatives sit on nonprofit boards. See W. Cohen, *Some Aspects of Evolving Social Policy in Relation to Private Philanthropy*, The Commission on Private Philanthropy and Public Needs, Research Papers V. II (U.S. Department of the Treasury, 1977), for discussion of boards; and J.M. Underwood, "How to serve on a hospital board," *Harvard Business Review*, July-August 1969, for discussion of board members' responsibilities.

⁹ Evidence of the size of public versus private schools, universities, and health care institutions comes from *Statistical Abstract of the United States* (Bureau of the Census, 1978); for public versus private museums, from *Museums U.S.A.: A Survey Report* (National Research Center for the Endowment for the Arts, 1974); and for public versus private nursing homes, B. Dunlop, *The Growth of Nursing Home Care* (Lexington, Mass., D.C. Heath and Co, 1979).

¹⁰ T. Nichlaus Tideman, using data from the Bureau of Labor Statistics and the American Hospital Association, estimated that 5.2 percent of U.S. employment was in the nonprofit sector in 1974. Using a different data base, Dale Hiestand estimated nonprofit employment at 5.9 percent. Both estimates, however, were based upon the numbers of employees working in particular industries weighted by the proportions of nonprofit organizations within those industries. Such a

weighting assumes that organizations are of equal size across the sectors. However, employment data indicate that public schools, universities, and health care institutions are larger than private ones, so that these estimates may be inflated. In any case, the proportion of employees in the nonprofit sector in the Quality of Employment survey sample roughly approximates the proportion found in other employment data. Department of Labor data for 1977 show some 16 percent of the employed civilian labor force over age 16 to be in government service. Again, the Quality of Employment sample of government employees is slightly lower but in close approximation to the proportion found in employment statistics.

¹¹ Ginzberg, *The Pluralistic Economy*.

¹² B.A. Weisbrod, "Toward a theory of the voluntary nonprofit sector in a three sector economy," in F.S. Phelps, ed., *Altruism, Morality, and Economic Theory* (New York, Russell Sage Foundation, 1975).

¹³ Smith and Nock, "Social class and quality of work life"; and *Federal Employee Attitudes*.

¹⁴ For a complete accounting of the analysis procedures and tables showing education levels, job tenure, years in the work force, and ratings of the various characteristics of the quality of employment across the sectors for the full and matched respondent samples, please write the authors c/o The Center for Applied Social Science, Boston University, 195 Bay State Rd., Boston, Mass. 02215.

¹⁵ S.B. Sarason, *Work, Aging, and Social Change* (New York, Free Press, 1977).

¹⁶ Melvin W. Reder, "The theory of employment and wages in the public sector," in Daniel S. Hamermesh, ed., *Labor in the Public and Nonprofit Sectors* (Princeton, N.J., Princeton University Press, 1975), pp. 1-48.

¹⁷ Tideman, "Employment and earnings," pp. 325-31.

¹⁸ These ratings may reflect "justification," for example, nonprofit employees find that they earn less and, therefore, to explain their interest in work, come to justify it with a nonmonetary orientation. See B.M. Staw, "Motivation in organizations: toward synthesis and redirection," in B.M. Staw and G.R. Salancik, eds., *New Directions in Organizational Behavior* (Chicago, St. Clair Press, 1977), for a discussion of this phenomenon.

¹⁹ See Quinn and Mangione, *Survey of Working Conditions*; and, Quinn and Staines, *Quality of Employment*, for detail on occupational and sex differences in earnings in the QOE sample.

²⁰ See R.M. Kanter, "The Measurement of Organizational Effectiveness, Productivity, Performance and Success," Working Paper 8, PONPO (New Haven, Conn., Yale University, 1979).

²¹ A. Etzioni, *A Comparative Study of Complex Organizations* (New York, Free Press, 1961); P. Blau and R. Scott, *Formal Organizations* (San Francisco, Chandler, 1962); and C. Perrow, "A Framework for Comparative Analysis of Organizations," *American Sociological Review*, Vol. 32, 1967.

²² See footnote 20; and J.B. McKinlay, "On the professional regula-

tion of change," *The Sociological Review Monograph*, 21, 1973, pp. 61-84.

²³ J.R. Hackman and G.R. Oldham, "Motivation through the design of work," *Organizational Behavior and Human Performance*, Vol. 16, 1976, pp. 25-279; and E.E. Lawler, *Pay and Organizational Effectiveness* (New York, McGraw-Hill Book Co., 1971).

²⁴ C.C. Selby, "Better performance from 'non-profits'," *Harvard Business Review*, September-October 1978, pp. 92-98.

²⁵ D. Mechanic, *Medical Sociology* (New York, Free Press, 1978); and H. Freudenberger, "Staff Burnout," *Journal of Social Issues*, Vol. 30, 1974.

²⁶ W.H. Newman and H.W. Wallender, "Managing not-for-profit enterprises," *Academy of Management Review*, January 1978, pp. 24-31.

²⁷ J. Rothschild-Whitt, "The Collectivist Organization: An Alternative to Rational-Bureaucratic Models," *American Sociological Review*, Vol. 44, 1979, pp. 509-27. For a broader discussion of this feature of organizations, see R.L. Satow, "Value-Rational Authority and Professional Organizations: Weber's Missing Type," *Administrative Science Quarterly*, Vol. 20, 1975, pp. 526-31.

²⁸ See H.B. Hansman, "The Role of Nonprofit Enterprise," pp. 835-901, for a full discussion of the nonprofit form; see also Peter Drucker, "Managing the 'third sector'," *The Wall Street Journal*, Oct. 3, 1978, for a discussion of growing bureaucracy in nonprofits.

²⁹ See R.A. Mittenhall and W.W. Mahoney, "Getting management help to the nonprofit sector," *Harvard Business Review*, September-October 1977, p. 9.

³⁰ For a review, see E.E. Lawler, *Motivation in Work Organizations* (Monterey, Calif., Brooks/Cole, 1973); and E.E. Lawler, "Reward Systems," in J.R. Hackman and J.L. Suttle, eds., *Improving Life at Work* (Santa Monica, Calif., Goodyear Publishing Co., 1977).

³¹ For a review, see Lawler, *Motivation in Work Organizations*.

³² G. Staines, "The Relation of Work and Non-Work Factors in the Quality of Employment Survey" (Ann Arbor, Mich., University of Michigan, Institute for Social Research, 1976). Mimeographed.

³³ P.H. Mirvis and B.A. Macy, "Accounting for the costs and benefits of human resources development programs: An interdisciplinary approach," *Organizations, Accounting, and Society*, Vol. 1, 1976, pp. 179-94; and P.H. Mirvis and E.E. Lawler, "Measuring the financial impact of employee attitudes," *Journal of Applied Psychology*, Vol. 62, 1977, pp. 1-8.

³⁴ R.H. Brade, "MBO goes to work in the public sector," *Harvard Business Review*, March 1973, pp. 65-74; T.J.C. Raymond and S.A. Geyser, "The business of managing the arts," *Harvard Business Review*, July-August 1978, pp. 123-32; D. Schooler, "Rethinking and re-making the nonprofit sector," *Foundation News*, January-February 1978, pp. 17-23; and R. Anthony, "Can nonprofit organizations be well-managed?" in D. Borst and P.J. Montana, eds., *Managing Nonprofit Organizations* (New York, AMACOM, 1977).

APPENDIX: The Quality of Employment Survey

The 1977 Quality of Employment Survey was designed to measure the physical and social contexts of work in the United States through personal interviews with a representative sample of employed adults. Each survey sampled a population of persons age 16 or over who were employed at least 20 hours per week and who lived in households in the contiguous United States, excluding institutions and military reservations. Details on the sampling procedures, response rate, and 1977 sam-

ple are available from the Institute for Social Research. A comparison of distributions of demographic variables based on the 1977 survey with statistics from the appropriate Current Population Surveys showed considerable agreement, with differences (notably in education, employment status, and industry) that may be explained by differences in sampling frames and definitions of response categories.